CITY OF LAVONIA, GEORGIA

Annual Financial Report

For the year ended December 31, 2019

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CITY OF LAVONIA, GEORGIA
ANNUAL FINANCIAL REPORT
For the year ended December 31, 2019

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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Lavonia, Georgia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lavonia, Georgia, as of December 31, 2019, and the respective changes in the financial position and cash flows, where applicable, and the budgetary comparison of the General Fund and Hotel/Motel Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 13 and 65 through 70, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lavonia, Georgia's basic financial statements as a whole. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Lavonia, Georgia's basic financial statements for the year ended December 31, 2018, which are not presented with the accompanying financial statements. In our report dated May 15, 2019, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lavonia's basic financial statements as a whole. The individual fund financial statements and schedules related to the 2018 financial statements are presented for the purposes of additional analysis and are not a required part of the financial statements.

The individual fund financial statements and schedules related to the 2018 financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 2018 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2020 on our consideration of the City of Lavonia, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lavonia, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
April 29, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lavonia, it is our pleasure to present this narrative discussion and analysis of the City of Lavonia's financial performance, providing an overview of the activities for the year ended December 31, 2019. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Lavonia. This analytical information is designed to be read in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The City of Lavonia's assets exceeded its liabilities at December 31, 2019, by $18,870,287 (reported as *net position*).
- As of December 31, 2019, Lavonia's governmental funds reported combined ending fund balances of $3,260,495. Approximately 80% of this total amount, $2,609,207, is available for spending at the City Council's discretion (unassigned fund balance of the General Fund).

More detailed information regarding these activities and funds begins on page 7.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to the City of Lavonia's basic financial statements. The City of Lavonia's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

Government-wide Financial Statements (Reporting the City as a whole)

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Lavonia and is designed to provide readers with a broad overview of the City's financial activities in a manner similar to a private business enterprise.

The purpose of the ***Statement of Net Position*** (pages 14-15) is to attempt to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net position*. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The ***Statement of Activities*** (page 16), on the other hand, presents the revenues and expenses of the City. Under the accrual basis of accounting mentioned earlier, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position*. The primary focus of the Statement of Activities is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, we divide the City of Lavonia into three types of activities:

- ***Governmental activities*** – Most of the City's basic services are reported under this category, including police, fire, public works, and general administration. Sales tax, property taxes, and intergovernmental revenues finance most of these services.

- ***Business-type activities*** – The City charges fees to customers to assist in covering all or most of the cost for certain services it provides. The City's water and sewer system and garbage collection fees are reported in this category.

- ***Discretely Presented Component Unit*** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. The Downtown Development Authority, although legally separate, functions for all practical purposes as a department of the City of Lavonia, and therefore has been included as an integral part of the primary government.

The City's government-wide financial statements are presented on pages 14-16.

Fund Financial Statements (Reporting the City's Major Funds)

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 71. The City's funds are divided into three broad categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

- ***Governmental Funds*** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided at the bottom of each statement.

  In addition to the General Fund and Hotel/Motel Tax Special Revenue Fund which are reported as major funds, the City of Lavonia maintains two governmental fund types:

  1. Special Revenue Funds
  2. Capital Projects Funds

  The City of Lavonia adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The City's basic governmental fund financial statements are presented on pages 17-22 of this report.

- ***Proprietary Funds*** – When the City charges customers for the services it provides – whether to outside customers or to other departments of the City – these services are generally reported in proprietary funds. These proprietary funds are prepared using the same accounting basis as the government-wide financial statements.

Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Lavonia uses enterprise funds to account for its Water and Sewer system, and Solid Waste functions, which are reported as major funds.

The City's proprietary fund financial statements are presented on pages 23-27.

- ***Fiduciary Funds –*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Lavonia's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City acts as a trustee or fiduciary for the Municipal Court Custodial Fund.

Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements.

The City's fiduciary fund financial statements are presented on pages 28-29.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-64 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's defined benefit pension plan. The required supplementary information can be found on pages 65-70 of this report.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 18 and 20) which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.

- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but are reported as deferred revenue on the fund statements.

- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the governmental fund financial statements.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this year is summarized as follows based on the information included in the government-wide financial statements (see pages 14-16):

City of Lavonia
Net Position
As of December 31, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	$ 3,386,974	$ 3,155,473	$ 3,178,497	$ 2,518,525	$ 6,565,471	$ 5,673,998
Capital assets	4,571,239	4,826,439	10,253,932	10,380,771	14,825,171	15,207,210
Total assets	7,958,213	7,981,912	13,432,429	12,899,296	21,390,642	20,881,208
Deferred Outflows of Resources						
Deferred outflows related to pension	98,193	101,780	62,986	67,910	161,179	169,690
Total deferred outflows of resources	98,193	101,780	62,986	67,910	161,179	169,690
Liabilities						
Current liabilities	216,835	180,126	363,128	356,039	579,963	536,165
Noncurrent liabilities	500,172	533,605	1,533,366	1,686,416	2,033,538	2,220,021
Total liabilities	717,007	713,731	1,896,494	2,042,455	2,613,501	2,756,186
Deferred Inflows of Resources						
Deferred inflows related to pension	43,624	77,831	24,409	51,047	68,033	128,878
Total deferred inflows of resources	43,624	77,831	24,409	51,047	68,033	128,878
Net Position						
Net investment in capital assets	4,217,774	4,436,092	8,704,324	8,670,942	12,922,098	13,107,034
Restricted	505,917	656,111	86,484	81,445	592,401	737,556
Unrestricted	2,572,084	2,199,927	2,783,704	2,121,317	5,355,788	4,321,244
Total net position	$ 7,295,775	$ 7,292,130	$ 11,574,512	$ 10,873,704	$ 18,870,287	$ 18,165,834

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets for the City of Lavonia exceeded liabilities by $18,870,287 at the close of the current year. However, much of the net position either is restricted as to the purposes for which it can be used, or are invested in capital assets.

The largest portion (68%) of the City of Lavonia's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Although the net position of our business-type activities represents 61% ($10,873,704) of total net position, these resources cannot be used to add to the net asset surplus in governmental activities. The City generally can only use the net position to finance the continuing operations of the business-type activities.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Lavonia's net position changed during the year.

City of Lavonia

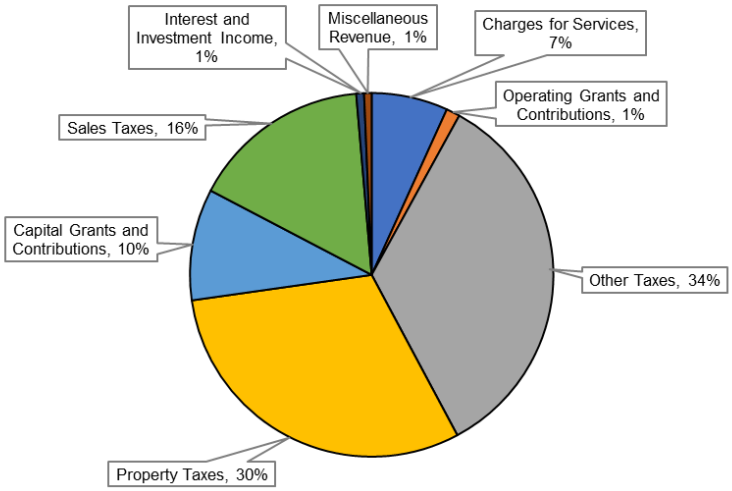
Changes in Net Position
For the years ending December 31, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Program revenues:						
Charges for services	$ 230,360	$ 194,325	$ 3,140,857	$ 2,798,648	$ 3,371,217	$ 2,992,973
Operating grants and contributions	41,507	35,378	0	0	41,507	35,378
Capital grants and contributions	336,546	342,381	407,766	0	744,312	342,381
General revenues:						
Property taxes	1,037,483	995,152	0	0	1,037,483	995,152
Sales tax	541,966	516,363	0	0	541,966	516,363
Other taxes	1,159,882	1,152,929	0	0	1,159,882	1,152,929
Investment income	23,651	2,237	28,581	3,703	52,232	5,940
Gain on sale of assets	0	10,300	0	0	0	10,300
Miscellaneous revenue	22,508	24,829	24,214	24,743	46,722	49,572
Total revenues	3,393,903	3,273,894	3,601,418	2,827,094	6,995,321	6,100,988
Expenses						
General Government	421,695	404,490	0	0	421,695	404,490
Judicial	58,642	31,384	0	0	58,642	31,384
Public Safety	1,450,325	1,522,289	0	0	1,450,325	1,522,289
Public Works	487,469	495,335	0	0	487,469	495,335
Culture and Recreation	183,173	185,586	0	0	183,173	185,586
Housing and Development	598,178	398,542	0	0	598,178	398,542
Interest on long-term debt	10,863	(45,607)	0	0	10,863	(45,607)
Water and sewer	0	0	2,671,503	2,430,866	2,671,503	2,430,866
Solid Waste	0	0	409,020	295,817	409,020	295,817
Total expenses	3,210,345	2,992,019	3,080,523	2,726,683	6,290,868	5,718,702
Increase (decrease) in net position before transfers	183,558	281,875	520,895	100,411	704,453	382,286
Transfers	(179,913)	(101,697)	179,913	101,697	0	0
Increase (decrease) in net position	3,645	180,178	700,808	202,108	704,453	382,286
Net position - beginning	7,292,130	7,111,952	10,873,704	10,671,596	18,165,834	17,783,548
Net position - ending	$ 7,295,775	$ 7,292,130	$ 11,574,512	$ 10,873,704	$ 18,870,287	$ 18,165,834

Governmental Activities –

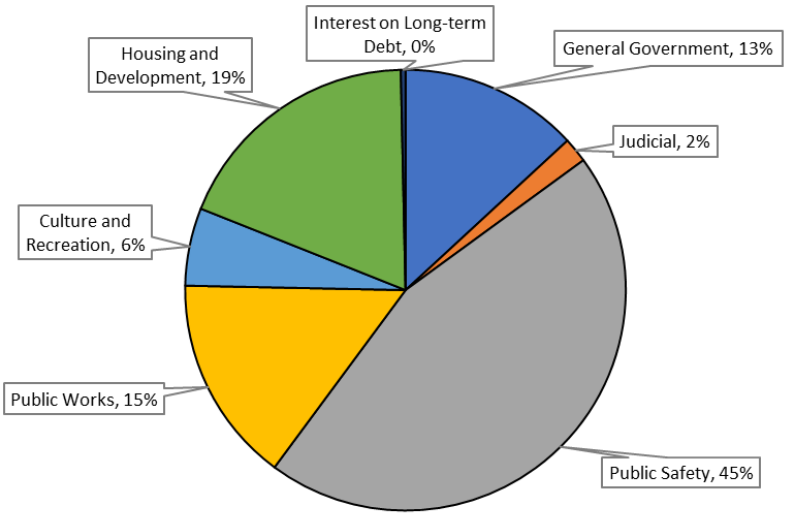
The following chart depicts revenues of the governmental activities for the year:

Revenues by Source - Governmental Activities



The following chart depicts the expenses of the governmental activities for the year:

Expenses by Function - Governmental Activities



Business-type Activities –

Business-type activities increased the City of Lavonia's net position by $700,808. The key elements of this increase are:

- 2019 operating revenues increased by $341,680 from 2018 due to increased charges for sales and services in 2019.

Financial Analysis of the City's Funds

As noted earlier, the City of Lavonia uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Lavonia's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As the City completed this year, its governmental funds reported a combined ending fund balance of $3,260,495. Of this amount, $2,609,207 (80%) constitutes unassigned fund balance of the General Fund, meaning no constraints have been placed on how this money may be spent. The General Fund is the only governmental fund that can have positive unassigned fund balance. The remainder of fund balance is either nonspendable, restricted by a third party, committed by a resolution of the City Council, or assigned for a specific purpose, including the 2020 budget.

The **General Fund** is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was $2,6,74,445, while total fund balance was $2,609,207. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 109% of total General Fund expenditures, while total fund balance represents 112% of that same amount.

The **Hotel Motel Special Revenue Fund** has a $123,942 fund balance at year end. Of this fund balance, $85,834 is restricted and $37,323 is assigned for housing and development purposes.

General Fund Budget Highlights

The original budget for the General Fund was amended by various appropriations approved after the beginning of the year. In addition, Council approved several adjustments to prevent budget overruns.

Adjustments to the General Fund Expenditures: Adjustments were made from one department to another department to prevent budget overruns:

- The General Fund tax revenues were increase by $70,300 to cover additional expenditures in the Street, Cannery and Fire Departments.

It is anticipated that the General Fund will see only a slight increase in revenues in 2020 due to increases in Property Tax from real growth, Building Permits, and Franchise Tax categories. Therefore, the City will continue to hold the line with operating budgets, employee positions and salary increases to help ensure that the General Fund reserve balance remains positive.

Proprietary Funds

The City of Lavonia's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the City's two proprietary funds totaled as follows:

- Water and Sewer $ 11,570,967
- Solid Waste $ 3,545

The total increase in net position for both funds was $700,808. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

Capital Assets and Debt Administration

Capital Assets. The City of Lavonia has invested $14,825,171 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 70% of this investment is related to business-type activities and approximately 30% relates to governmental activities.

During 2019, the City invested $643,937 in new capital assets. Major capital asset events during the current year included the following:

Governmental Activities
2019

Purhcased HP Proliant Server	$ 13,215
Purchased Awning for Gazebo	9,028
Purchased 2 Dodge Chargers	59,545
Purchased Chevrolet S10	3,000
	$ 84,788

Business-Type Activities
2019

Additions to Lavonia Gateway Project	$ 332,494
Pearson Donut Shop Line Extension	107,448
Highway 17 Relocation and Line Replacement	80,300
Purchased Atlas Compressor	19,378
Purchased Chevrolet Silverado	17,499
Purchased Chevrolet S10	2,000
	$ 559,119

Capital assets held by the City at the end of the current year are summarized as follows:

City of Lavonia
Capital Assets (net of accumulated depreciation)
As of December 31, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Land	$ 525,266	$ 525,266	$ 413,072	$ 413,072	$ 938,338	$ 938,338
Nondepreciable Intangibles	0	0	116,574	116,574	116,574	116,574
Buildings	4,985,725	4,985,725	253,953	247,085	5,239,678	5,232,810
Infrastructure	1,973,830	1,973,830	20,146	20,146	1,993,976	1,993,976
Distribution system	0	0	17,997,459	17,773,399	17,997,459	17,773,399
Vehicles and equipment	3,134,756	2,560,801	682,414	647,537	3,817,170	3,208,338
Furniture and fixtures	92,265	134,448	36,977	112,630	129,242	247,078
Depreciable Intangibles	0	0	61,026	61,026	61,026	61,026
Software	27,331	27,331	0	0	27,331	27,331
Construction in progress	0	0	332,494	160,927	332,494	160,927
Total	10,739,173	10,207,401	19,914,115	19,552,396	30,653,288	29,759,797
Accumulated depreciation	(6,167,934)	(5,649,546)	(9,660,183)	(8,699,893)	(15,828,117)	(14,349,439)
Net Capital Assets	$ 4,571,239	$ 4,557,855	$ 10,253,932	$ 10,852,503	$ 14,825,171	$ 15,410,358

Additional information on the City of Lavonia's capital assets can be found in the Note 8 to the Financial Statements on pages 46-48 of this report.

Long-term debt. At December 31, 2019, the City of Lavonia had $1,886,262 in bonds, notes payable, and capital leases outstanding, a decrease in total of $233,914 from 2018.

City of Lavonia
Outstanding Debt
As of December 31, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Bonds from direct placements	$0	$0	$1,370,768	$1,499,952	$1,370,768	$1,499,952
Notes from direct borrowings	0	0	178,840	209,877	178,840	209,877
Capital lease obligations	336,665	390,347	0	0	336,665	390,347
Total	$336,665	$390,347	$1,549,608	$1,709,829	$1,886,273	$2,100,176

Additional information on the City's long-term debt can be found in the Notes 9 and 10 to the Financial Statements on pages 50-54 of this report.

Economic Condition and Outlook

We, as management, in considering and forecasted economic conditions for 2020, are continuing to be guardedly optimistic. The current growth period is extending and expansion in terms of jobs and commercial/industrial development. Building permits and annexations are continuing on pace with last year. Property tax revenues are stable. Management is continuing to budget conservatively as there is a margin of uncertainty ahead. The next recession could be just beyond the horizon and could arrive unexpectedly. Noteworthy budget items and cost saving considerations were:

- General Fund budget expenditures are slightly above 2019 expenditures.
- With most revenue streams expected to remain at or slightly above 2019 levels, certain department operational expenditures are expected to continue to rise. Insurance, contract services, raw materials, repair parts and service costs are expected to continue upward. This has and will continue to have a direct impact on the City's ability to maintain current operational standards and repair/replace existing infrastructure as needed. We are aggressively pursuing grant funding on the State and Federal levels to fill funding gaps. At the same time these grants are being chased by an increasing number of cities and counties, which makes longer odds for success.
- Interest rates on C.D.'s have markedly increased. We have repositioned fund balances to higher rate Certificates which will increase interest revenue in 2020.

Contacting the City's Financial Services Department

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Lavonia's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

City of Lavonia
Office of the City Manager
PO Box 564
Lavonia, GA 30553

BASIC FINANCIAL STATEMENTS

CITY OF LAVONIA, GEORGIA
STATEMENT OF NET POSITION
December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,781,223	$ 1,202,739	$ 2,983,962	$ 12,323
Certificates of deposit	1,000,000	1,195,195	2,195,195	0
Restricted assets				
Cash and cash equivalents	0	106,903	106,903	0
Certificates of deposit	0	54,805	54,805	0
Receivables (net)				
Accounts	0	381,262	381,262	0
Intergovernmental	86,681	135,494	222,175	10,000
Interest	23,409	28,137	51,546	0
Taxes	428,971	0	428,971	0
Internal balances	667	(667)	0	0
Inventories	0	60,117	60,117	0
Prepaid items	14,659	14,512	29,171	0
Property held for resale	51,364	0	51,364	0
Total current assets	3,386,974	3,178,497	6,565,471	22,323
Noncurrent assets				
Capital assets				
Non-depreciable	525,266	862,140	1,387,406	40,000
Depreciable (net)	4,045,973	9,391,792	13,437,765	70,328
Total noncurrent assets	4,571,239	10,253,932	14,825,171	110,328
Total assets	7,958,213	13,432,429	21,390,642	132,651
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	98,193	62,986	161,179	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	70,129	43,116	113,245	379
Interest	1,192	0	1,192	0
Accrued salaries and payroll liabilities	35,489	21,232	56,721	0
Compensated absences	51,743	30,540	82,283	0
Unearned revenue	0	24,503	24,503	0
Capital lease payable	55,202	0	55,202	0
Notes payable	0	31,193	31,193	0
Other current liabilities	3,080	3,902	6,982	88
Liabilities payable from restricted assets				
Customer deposits	0	54,805	54,805	0
Revenue bonds payable	0	133,418	133,418	0
Interest payable	0	20,419	20,419	0
Total current liabilities	216,835	363,128	579,963	467

See accompanying notes to these financial statements.

Exhibit A-1, continued

CITY OF LAVONIA, GEORGIA
STATEMENT OF NET POSITION
December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Net pension liability	$ 218,709	$ 148,369	$ 367,078	$ 0
Capital lease payable	281,463	0	281,463	0
Notes payable	0	147,647	147,647	0
Revenue bonds payable	0	1,237,350	1,237,350	0
Total noncurrent liabilities	500,172	1,533,366	2,033,538	0
Total liabilities	717,007	1,896,494	2,613,501	467
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	43,624	24,409	68,033	0
NET POSITION				
Net investment in capital assets	4,217,774	8,704,324	12,922,098	110,328
Restricted for:				
Public Safety	13,283	0	13,283	0
Housing and Development	85,834	0	85,834	0
Capital outlay	406,800	0	406,800	0
Debt service	0	86,484	86,484	0
Unrestricted	2,572,084	2,783,704	5,355,788	21,856
Total net position	$ 7,295,775	$ 11,574,512	$ 18,870,287	$ 132,184

See accompanying notes to these financial statements.

CITY OF LAVONIA, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended December 31, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 421,695	$ 40,600	$ 0	$ 0	$ (381,095)
Judicial	58,642	0	0	0	(58,642)
Public Safety	1,450,325	149,908	28,507	81,263	(1,190,647)
Public Works	487,469	17,555	0	205,763	(264,151)
Health and Welfare	0	0	8,000	0	8,000
Culture and Recreation	183,173	13,800	0	49,520	(119,853)
Housing and Development	598,178	8,497	5,000	0	(584,681)
Interest on long-term debt	10,863	0	0	0	(10,863)
Total governmental activities	3,210,345	230,360	41,507	336,546	(2,601,932)
Business-type activities					
Water and Sewer	2,671,503	2,785,911	0	407,766	522,174
Solid Waste	409,020	354,946	0	0	(54,074)
Total business-type activities	3,080,523	3,140,857	0	407,766	468,100
Total primary government	6,290,868	3,371,217	41,507	744,312	(2,133,832)
Component Unit					
Downtown Development Authority					
Housing and Development	38,289	0	30,000	0	(8,289)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net position				
Net (expense) revenue	$ (2,601,932)	$ 468,100	$ (2,133,832)	$ (8,289)
General revenues				
Taxes				
Property	1,037,483	0	1,037,483	0
Sales	541,966	0	541,966	0
Insurance premium	164,147	0	164,147	0
Occupational	74,930	0	74,930	0
Franchise	289,192	0	289,192	0
Intangible	9,735	0	9,735	0
Alcohol excise	133,586	0	133,586	0
Hotel/Motel	488,292	0	488,292	0
Interest and investment earnings	23,651	28,581	52,232	0
Miscellaneous	22,508	24,214	46,722	16,341
Transfers	(179,913)	179,913	0	0
Total general revenues and transfers	2,605,577	232,708	2,838,285	16,341
Change in net position	3,645	700,808	704,453	8,052
Net position - beginning	7,292,130	10,873,704	18,165,834	124,132
Net position - ending	$ 7,295,775	$ 11,574,512	$ 18,870,287	$ 132,184

See accompanying notes to these financial statements.

CITY OF LAVONIA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	General	Hotel/Motel Tax	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	$ 1,223,141	$ 163,789	$ 394,293	$ 1,781,223
Certificates of Deposit	1,000,000	0	0	1,000,000
Receivables (net)				
Intergovernmental	1,128	0	85,553	86,681
Interest	23,409	0	0	23,409
Taxes	396,647	32,324	0	428,971
Prepaid items	13,874	785	0	14,659
Property held for resale	51,364	0	0	51,364
Due from other funds	32,698	0	0	32,698
Total assets	$ 2,742,261	$ 196,898	$ 479,846	$ 3,419,005
LIABILITIES				
Accounts payable	$ 11,731	$ 41,523	$ 16,875	$ 70,129
Accrued salaries and payroll liabilities	35,489	0	0	35,489
Due to other funds	0	31,308	723	32,031
Other liabilities	2,815	125	140	3,080
Total liabilities	50,035	72,956	17,738	140,729
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	17,781	0	0	17,781
FUND BALANCES				
Nonspendable for:				
Prepaid items	13,874	785	0	14,659
Property held for resale	51,364	0	0	51,364
Restricted for:				
Public Safety	0	0	13,283	13,283
Housing and Development	0	85,834	0	85,834
Capital outlay	0	0	406,800	406,800
Committed for Public Works	0	0	42,025	42,025
Assigned for:				
Housing and Development	0	37,323	0	37,323
Unassigned	2,609,207	0	0	2,609,207
Total fund balances	2,674,445	123,942	462,108	3,260,495
Total liabilities, deferred inflows of resources, and fund balances	$ 2,742,261	$ 196,898	$ 479,846	$ 3,419,005

See accompanying notes to these financial statements.

CITY OF LAVONIA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
December 31, 2019

Total fund balance - total governmental funds			$ 3,260,495
Amounts reported for governmental activities in the statement of net position are different because:			
Some assets are not financial resources and therefore are not reported in the funds. These are:			
Capital assets, net of accumulated depreciation			4,571,239
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources or unavailable revenue in the funds. These are:			
Property taxes			17,781
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:			
Deferred outflows of resources:			
Deferred outflows related to pension	$ 98,193		
Deferred inflows of resources:			
Deferred inflows related to pension	(43,624)		54,569
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These are:			
Capital leases	(336,665)		
Interest payable	(1,192)		
Compensated absences	(51,743)		
Net pension liability	(218,709)		(608,309)
Net position of governmental activities			$ 7,295,775

See accompanying notes to these financial statements.

Exhibit A-4

CITY OF LAVONIA, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended December 31, 2019

	General	Hotel/Motel Tax	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	$ 2,244,731	$ 488,292	$ 0	$ 2,733,023
Licenses and permits	49,098	0	0	49,098
Fines, fees and forfeitures	147,473	0	2,023	149,496
Charges for services	14,211	0	17,555	31,766
Intergovernmental	73,780	5,000	299,241	378,021
Interest	23,633	13	36	23,682
Other	22,507	0	0	22,507
Total revenues	2,575,433	493,305	318,855	3,387,593
EXPENDITURES				
Current				
General Government	412,288	0	0	412,288
Judicial	58,166	0	0	58,166
Public Safety	1,220,535	0	1,323	1,221,858
Public Works	425,378	0	3,566	428,944
Culture and Recreation	117,120	0	0	117,120
Housing and Development	120,600	297,492	179,466	597,558
Capital outlay	0	0	107,804	107,804
Debt service	35,335	0	29,400	64,735
Total expenditures	2,389,422	297,492	321,559	3,008,473
Excess (deficiency) of revenues over (under) expenditures	186,011	195,813	(2,704)	379,120
Other financing sources (uses)				
Transfers in	209,989	0	0	209,989
Transfers out	(33,722)	(209,989)	(146,191)	(389,902)
Total other financing sources (uses)	176,267	(209,989)	(146,191)	(179,913)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	362,278	(14,176)	(148,895)	199,207
Fund balances, January 1	2,312,167	138,118	611,003	3,061,288
Fund balances, December 31	$ 2,674,445	$ 123,942	$ 462,108	$ 3,260,495

See accompanying notes to these financial statements.

Exhibit A-5

CITY OF LAVONIA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2019

Net change in fund balances - total governmental funds			$ 199,207
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlays	$ 84,788		
Depreciation	(339,988)		(255,200)
In the statement of activities, the gain/loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.			
Cost of assets disposed	(3,450)		
Related accumulated depreciation	3,450		0
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Unavailable revenue			6,308
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.			
Pension contributions	90,899		
Cost of benefits net of employee contributions	(82,048)		8,851
The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			
Debt principal payments			53,682
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.			
Interest payable	190		
Compensated absences	(9,393)		(9,203)
Change in net position of governmental activities			$ 3,645

See accompanying notes to these financial statements.

CITY OF LAVONIA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the year ended December 31, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 2,006,350	$ 2,076,650	$ 2,244,731	$ 168,081
Licenses and permits	34,275	34,275	49,098	14,823
Fines, fees and forfeitures	100,000	100,000	147,473	47,473
Charges for services	56,000	56,000	14,211	(41,789)
Intergovernmental	66,750	66,750	73,780	7,030
Interest	5,000	5,000	23,633	18,633
Contributions	5,000	5,000	0	(5,000)
Other	5,000	5,000	22,507	17,507
Total revenues	2,278,375	2,348,675	2,575,433	226,758
EXPENDITURES				
Current				
General Government				
Governing Body	122,938	122,938	113,958	8,980
Financial Administration	304,856	304,856	298,330	6,526
Judicial				
Municipal Court	63,930	63,930	58,166	5,764
Public Safety				
Police Department	1,076,872	1,076,872	1,073,038	3,834
Fire Department	155,150	155,150	144,314	10,836
Communications	4,800	4,800	3,183	1,617
Public Works				
Highways and Streets	307,313	363,313	362,990	323
Maintenance Shop	37,561	37,561	35,547	2,014
Detention Services	30,890	30,890	26,841	4,049
Culture and Recreation				
Parks and Recreation	90,999	90,999	85,298	5,701
Community Center	13,450	13,450	8,854	4,596
Library	24,700	24,700	22,968	1,732
Housing and Development				
Inspections	26,353	26,353	24,892	1,461
Planning and Zoning	1,350	1,350	484	866
Better Home Towns	96,590	96,590	84,721	11,869
Cannery	6,400	12,400	10,503	1,897
Debt service				
Public Safety				
Fire Department	27,100	35,400	35,335	65
Total expenditures	2,391,252	2,461,552	2,389,422	72,130
Excess (deficiency) of revenues over (under) expenditure	(112,877)	(112,877)	186,011	298,888
Other financing sources (uses)				
Transfers in	161,250	161,250	209,989	48,739
Transfers out	0	0	(33,722)	(33,722)
Sale of capital assets	10,000	10,000	0	(10,000)
Contingency	(58,373)	(58,373)	0	58,373
Total other financing sources (uses)	112,877	112,877	176,267	63,390
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	362,278	362,278
Fund balances, January 1	0	0	2,312,167	2,312,167
Fund balances, December 31	$ 0	$ 0	$ 2,674,445	$ 2,674,445

See accompanying notes to these financial statements.

Exhibit A-7

CITY OF LAVONIA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the year ended December 31, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Hotel/motel taxes	$ 430,000	$ 500,000	$ 488,292	$ (11,708)
Intergovernmental	0	0	5,000	5,000
Interest	0	0	13	13
Total revenues	430,000	500,000	493,305	(6,695)
EXPENDITURES				
Current				
Housing and Development	259,750	329,750	297,492	32,258
Excess (deficiency) of revenues over (under) expenditure	170,250	170,250	195,813	25,563
Other financing sources (uses)				
Transfers out	(161,250)	(161,250)	(209,989)	(48,739)
Contingency	(9,000)	(9,000)	0	9,000
Total other financing sources (uses)	(170,250)	(170,250)	(209,989)	(39,739)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	(14,176)	(14,176)
Fund balances, January 1	0	0	138,118	138,118
Fund balances, December 31	$ 0	$ 0	$ 123,942	$ 123,942

See accompanying notes to these financial statements.

Exhibit A-8

CITY OF LAVONIA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 1,202,739	$ 0	$ 1,202,739
Certificates of deposit	1,195,195	0	1,195,195
Restricted assets			
Cash and cash equivalents	106,903	0	106,903
Certificates of deposit	54,805	0	54,805
Receivables			
Accounts (net)	337,517	43,745	381,262
Intergovernmental	135,494	0	135,494
Interest	28,137	0	28,137
Inventory	60,117	0	60,117
Prepaid items	14,189	323	14,512
Total current assets	3,135,096	44,068	3,179,164
Noncurrent assets			
Capital assets			
Non-depreciable	862,140	0	862,140
Depreciable (net)	9,391,792	0	9,391,792
Total noncurrent assets	10,253,932	0	10,253,932
Total assets	13,389,028	44,068	13,433,096
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	59,135	3,851	62,986
LIABILITIES			
Current liabilities			
Accounts payable	12,962	30,154	43,116
Accrued salaries and payroll liabilities	20,185	1,047	21,232
Compensated absences	30,250	290	30,540
Unearned revenue	21,563	2,940	24,503
Notes payable	31,193	0	31,193
Due to other funds	667	0	667
Other current liabilities	3,902	0	3,902
Liabilities payable from restricted assets:			
Customer deposits	54,805	0	54,805
Revenue bonds payable	133,418	0	133,418
Interest payable	20,419	0	20,419
Total current liabilities	329,364	34,431	363,795

See accompanying notes to these financial statements.

Exhibit A-9, continued

CITY OF LAVONIA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
LIABILITIES			
Noncurrent liabilities			
Net pension liability	$ 139,895	$ 8,474	$ 148,369
Notes payable	147,647	0	147,647
Revenue bonds payable	1,237,350	0	1,237,350
Total noncurrent liabilities	1,524,892	8,474	1,533,366
Total liabilities	1,854,256	42,905	1,897,161
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	22,940	1,469	24,409
NET POSITION			
Net investment in capital assets	8,704,324	0	8,704,324
Restricted for debt service	86,484	0	86,484
Unrestricted	2,780,159	3,545	2,783,704
Total net position	$ 11,570,967	$ 3,545	$ 11,574,512

See accompanying notes to these financial statements.

Exhibit A-9, continued

CITY OF LAVONIA, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended December 31, 2019

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
OPERATING REVENUES			
Charges for sales and services	$ 2,785,911	$ 354,946	$ 3,140,857
Other	24,214	0	24,214
Total operating revenues	2,810,125	354,946	3,165,071
OPERATING EXPENSES			
Costs of sales and services	1,082,161	362,012	1,444,173
Personal services	856,593	47,008	903,601
Depreciation	525,061	0	525,061
Total operating expenses	2,463,815	409,020	2,872,835
Operating income (loss)	346,310	(54,074)	292,236
Non-operating revenues (expenses)			
Interest revenue	28,581	0	28,581
Interest expense	(46,761)	0	(46,761)
Gain (loss) on sale of assets	(160,927)	0	(160,927)
Total non-operating revenues (expenses)	(179,107)	0	(179,107)
Net income (loss) before capital contributions and transfers	167,203	(54,074)	113,129
Capital contributions			
Intergovernmental	332,494	0	332,494
Contributions	75,272	0	75,272
Total capital contributions	407,766	0	407,766
Net income (loss) before transfers	574,969	(54,074)	520,895
Transfers in (out)			
Transfers in	146,191	50,594	196,785
Transfers out	(16,872)	0	(16,872)
Total transfers	129,319	50,594	179,913
Change in net position	704,288	(3,480)	700,808
Net position, January 1	10,866,679	7,025	10,873,704
Net position, December 31	$ 11,570,967	$ 3,545	$ 11,574,512

See accompanying notes to these financial statements.

Exhibit A-10

CITY OF LAVONIA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2019

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	$ 2,778,485	$ 357,082	$ 3,135,567
Payments to suppliers	(1,085,643)	(360,460)	(1,446,103)
Payments to employees	(867,483)	(47,216)	(914,699)
Other receipts	24,756	0	24,756
Net cash provided (used) by operating activities	850,115	(50,594)	799,521
Cash flows from non-capital financing activities:			
Payments to other funds	667	0	667
Receipts from other funds	(16,872)	50,594	33,722
Net cash provided (used) by non-capital financing activities	(16,205)	50,594	34,389
Cash flows from capital and related financing activities:			
Receipts from other funds	146,191	0	146,191
Receipts from other governments	197,000	0	197,000
Payments for acquisitions of capital assets	(559,149)	0	(559,149)
Receipts of capital contributions	75,272	0	75,272
Principal payments - revenue bonds	(129,184)	0	(129,184)
Principal payments - notes payable	(31,037)	0	(31,037)
Interest paid	(48,686)	0	(48,686)
Net cash provided (used) by capital and related financing activities	(349,593)	0	(349,593)
Cash flows from investing activities			
Purchases of certificates of deposit	(550,000)	0	(550,000)
Interest received	3,118	0	3,118
Net cash provided (used) by investing activities	(546,882)	0	(546,882)
Net increase (decrease) in cash and cash equivalents	(62,565)	0	(62,565)
Cash and cash equivalents, January 1	1,372,207	0	1,372,207
Cash and cash equivalents, December 31	$ 1,309,642	$ 0	$ 1,309,642

See accompanying notes to these financial statements.

Exhibit A-11, continued

CITY OF LAVONIA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2019

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 346,310	$ (54,074)	$ 292,236
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	525,061	0	525,061
(Increase) decrease in accounts receivable	(9,990)	1,704	(8,286)
(Increase) decrease in inventories	(5,863)	0	(5,863)
(Increase) decrease in prepaid items	1,845	58	1,903
(Increase) decrease in deferred outflows related to pension	4,955	(31)	4,924
Increase (decrease) in accounts payable	1,077	1,494	2,571
Increase (decrease) in unearned revenue	1,269	432	1,701
Increase (decrease) in payroll liabilities	(1,151)	207	(944)
Increase (decrease) in net pension liability	10,832	728	11,560
Increase (decrease) in deferred inflows related to pension	(25,526)	(1,112)	(26,638)
Increase (decrease) in deposits payable	1,296	0	1,296
Total adjustments	503,805	3,480	507,285
Net cash provided (used) by operating activities	$ 850,115	$ (50,594)	$ 799,521
Cash and cash equivalents reconciliation			
Cash and cash equivalents	$ 1,202,739	$ 0	$ 1,202,739
Debt Redemption			
Cash and cash equivalents	106,903	0	106,903
	$ 1,309,642	$ 0	$ 1,309,642

See accompanying notes to these financial statements.

Exhibit A-11, continued

CITY OF LAVONIA, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2019

ASSETS		
Cash and cash equivalents	$	6,975
Accounts receivable		40
Total assets		7,015
LIABILITIES		
Due to others		7,015
NET POSITION		
Restricted for employee assistance	$	0

See accompanying notes to these financial statements.

CITY OF LAVONIA, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended December 31, 2019

ADDITIONS		
Fines and forfeitures	$	167,414
Interest		7
Total Additions		167,421
DEDUCTIONS		
Distributions to others		167,421
Change in net position		0
Net position, January 1		0
Net position, December 31	$	0

See accompanying notes to these financial statements.

Exhibit A-13, continued

1. Description of Government Unit

The City of Lavonia incorporated under the laws of the State of Georgia in 1964. The City operates under a council/mayor form of government and provides the following services: public safety, street and sanitation, culture and recreation, public improvements and general and administrative services. In addition, the City operates a public utility (water and sewer) for the incorporated and immediate surrounding areas.

The City is governed by an elected five-member council.

2. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business- type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Lavonia (the primary government) and material component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, the financial statements of the following component unit have been included as discretely presented component unit.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

City of Lavonia Downtown Development Authority

The City of Lavonia Downtown Development Authority was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members appointed by the City Council and an executive director. The Downtown Development Authority provides for the vitalization of the downtown area of the City of Lavonia. In many respects, the Authority functions similar to a City department through regular participation in department director meetings, budget approval, accounting, payroll, etc.

The City of Lavonia Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Financial Report in the sections labeled "Component Unit" (See Exhibit H). The City of Lavonia Downtown Development Authority has a December 31st year-end. Individual financial statements may be obtained by contacting the City of Lavonia Downtown Development Authority, PO Box 564, Lavonia, GA 30553-0564.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has one discretely presented component unit. While the Downtown Development Authority is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

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

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

Hotel/Motel Tax Special Revenue Fund – This fund is used to account for proceeds from hotel/motel tax collected and related expenditures.

The City reports the following major proprietary funds:

Water and Sewer Fund - This fund is used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Lavonia.

Solid Waste Fund – This fund is used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the City of Lavonia.

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds – This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Governmental Fund Types, continued

Capital Projects Funds – This fund type is used to account for financial resources to be use for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Fiduciary Fund Types

Custodial Funds – Custodial Funds act as an agency in nature and do not present results of operations or have a measurement focus. Custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for others. The City has a fund to account for the activity of the Municipal Court.

Component Unit

The Lavonia Downtown Development Authority is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Component Unit, continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Revenues and Expenditures/Expenses

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Expenditures/Expenses, continued

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

G. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for the General Fund, Special Revenue Funds, and Enterprise Funds. The Capital Projects Fund is budgeted by the City Council when capital projects are approved. Annual operating budgets are adopted each fiscal year through approval by the Council. Each year about the middle of November, the City Manager submits a proposed budget to the City Council for their review. Prior to adoption, a public hearing is held to receive comment from the citizenry on the proposed budget. This hearing is publicized in the local newspaper one week before the hearing, and the budget document is made available for public inspection during this week. After the public hearing, the budget is then revised by the City Council and the first reading of the proposed budget is made. At the next City Council meeting, the second reading of the proposed budget is made and the City Council votes to adopt the proposed budget. The annual operating budget is adopted no later than December 31 for the following year.

The annual budgets for the General Fund and Special Revenue Funds are prepared in accordance with the basis of accounting utilized by that fund. The budgets for the Enterprise Funds are adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, non-operating income and expense items are not considered. All unencumbered budget appropriations, except project budgets, lapse at the end of each year.

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

The legal level of budgetary control is the departmental level. Any increases in total appropriations of a department require approval and amendment of the budget by the City Council. Except as indicated on the major fund budgetary comparison statement, budget amounts included in this report are as amended as of December 31, 2019.

H. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

I. Intergovernmental Receivables

Receivables for state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

J. Inventories

Inventories of the Water and Sewer Fund are valued at cost on the first-in, first-out method and consist of expendable supplies. The cost of these inventories is recorded as an expense when consumed rather than when purchased.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019 are recorded as prepaid items. The cost of the prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the year ended December 31, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Prior to January 1, 2007, neither their historical costs nor related depreciation had historically been reported in the financial statements. For entities the size of the City of Lavonia, retroactive reporting of infrastructure assets was not required.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated.

Land and construction-in-progress are not depreciated. The other property, plant equipment, and infrastructure of the primary government are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life in Years	Capitalization Threshold
Buildings	40	$ 2,000
Distribution systems	40	$ 10,000
Roads – per lane mile	40	$ 50,000
Bridges and culverts	40	$ 20,000
Machinery and equipment	10	$ 2,000
Vehicles	5	$ 2,000
Furniture and fixtures	5	$ 2,000
Land improvements	15	$ 2,000
Intangibles	10	$ 2,000

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

All land will be valued and capitalized. The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred 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. The City reports deferred outflows of resources for their defined benefit pension plan.

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

2. Summary of Significant Accounting Policies (continued)

N. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

O. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

P. Restricted Assets and Restricted Net Position

Restricted assets of the Enterprise Funds represent certain resources set aside for the repayment of revenue bonds because they are maintained in a separate bank account and their use is limited by applicable bond covenants.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of reserve.

2. Summary of Significant Accounting Policies (continued)

Q. Fund Balances – Governmental Funds

The City of Lavonia implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at December 31, 2019 by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Lavonia's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 120 days of fiscal year-end.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City's adopted policy, amounts may be assigned by the City Manager, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

2. Summary of Significant Accounting Policies (continued)

Q. Fund Balances – Governmental Funds, continued

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

R. Compensation for Future Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from City service. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide and proprietary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

S. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types, bond premiums and discounts are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

2. Summary of Significant Accounting Policies (continued)

T. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

U. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations.

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized. At December 31, 2019, the City had no uninsured, uncollateralized deposits.

Interest Rate Risk

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

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City has no investment policy that would further limit its investment choices. Investments are reported at fair value.

3. Deposit and Investment Risk (continued)

Concentration of Credit Risk

The City has no formal policy on the amount the City may invest in any one issuer.

Foreign currency risk

The City has no investments denominated in a foreign currency.

4. Accounts Receivable

Net accounts receivable at December 31, 2019 consist of the following:

Major Funds		
Enterprise Funds		
Water and Sewer	$ 344,927	
Less: Allowances for Uncollectibles	(7,410)	
Solid Waste	44,959	
Less: Allowances for Uncollectibles	(1,214)	$ 381,262
Fiduciary Funds		
Custodial Fund		
Municipal Court		$ 40

5. Intergovernmental Receivables

Intergovernmental receivables at December 31, 2019 consist of the following:

Governmental Funds		
General Fund	$ 1,128	
Nonmajor Funds	85,553	$ 86,681
Business-Type Funds		
Water and Sewer Fund		135,494
Total primary government		$ 222,175
Lavonia Downtown Development Authority		$ 10,000

6. Taxes Receivable

Property Taxes

Property taxes receivable as of December 31, 2019 consist of property taxes for seven years as follows:

Year of Levy	Amount
2019	$ 37,125
2018	226
2017	58
2016	344
2015	88
2014	64
2013	86
	37,991
Less allowance for uncollectible	(1,050)
	36,941
Add amount due from Franklin County Tax Commissioner	42,724
Total	$ 79,665

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for the year 2019, based upon the assessments of January 1, 2019, were billed on August 26, 2019, and due on November 15, 2019. Tax liens are issued 90 days after the due date. The tax rate of 10.0 mils for 2019 was levied on August 22, 2019.

Other Taxes

$270,308 of franchise taxes, $46,674 of sales taxes, and $32,324 of hotel/motel taxes are also included in taxes receivable.

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of December 31, 2019 is as follows:

	Due from:			
	Hotel/Motel Tax	Nonmajor Governmental	Water and Sewer	Total
Due to:				
Major Funds				
General	$ 31,308	$ 723	$ 667	$ 32,698

The balance reported as Due to/Due from represent loans between the borrow fund and the lender fund. The balances result mainly from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between the funds are made. The balance reported in the Water and Sewer Fund and the Solid Waste Fund resulted from transactions to alleviate an equity in pooled cash deficit at year-end.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

A summary of interfund transfers is as follows:

	Transfers out:				
	Major Funds				
	General	Hotel/Motel Tax	Water and Sewer	Nonmajor Governmental	Total
Transfers in:					
Major Funds					
General	$ 0	$ 209,989	$ 0	$ 0	$ 209,989
Water and Sewer	0	0	0	146,191	146,191
Solid Waste	33,722	0	16,872	0	50,594
Total	$ 33,722	$ 209,989	$ 16,872	$ 146,191	$ 406,774

7. Interfund Receivables, Payables, and Transfers (continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers were used to move revenues from the 2010 and 2015 SPLOST Funds that statute requires to collect them to the Water and Sewer Fund that statute requires to expend them. Transfers are eliminated in the government-wide statements if the interfund transfer is within the governmental fund group or the business-type fund group.

8. Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2019 was as follows:

	Balance 12/31/2018	Increases	Decreases	Balance 12/31/2019
Governmental activities				
Non-depreciable assets				
Land	$ 525,266	$ 0	$ 0	$ 525,266
Depreciable assets				
Buildings	4,985,725	0	0	4,985,725
Infrastructure	1,973,830	0	0	1,973,830
Vehicles	2,224,753	62,545	0	2,287,298
Machinery and equipment	834,243	13,215	0	847,458
Furniture and fixtures	86,687	9,028	(3,450)	92,265
Software	27,331	0	0	27,331
Total depreciable assets	10,132,569	84,788	(3,450)	10,213,907
Accumulated depreciation				
Buildings	(2,304,831)	(101,221)	0	(2,406,052)
Infrastructure	(1,137,025)	(42,698)	0	(1,179,723)
Vehicles	(1,662,556)	(155,916)	0	(1,818,472)
Machinery and equipment	(633,387)	(33,634)	0	(667,021)
Furniture and fixtures	(86,764)	(1,053)	3,450	(84,367)
Software	(6,833)	(5,466)	0	(12,299)
Total accumulated depreciation	(5,831,396)	(339,988)	3,450	(6,167,934)
Total depreciable assets, net	4,301,173	(255,200)	0	4,045,973
Governmental activities capital assets, net	$ 4,826,439	$ (255,200)	$ 0	$ 4,571,239

8. Capital Assets (continued)

	Balance 12/31/2018	Increases	Decreases	Balance 12/31/2019
Business-type activities				
Non-depreciable assets				
Land	$ 413,072	$ 0	$ 0	$ 413,072
Intangibles	116,574	0	0	116,574
Construction in progress	160,927	332,494	(160,927)	332,494
Total non-depreciable assets	690,573	332,494	(160,927)	862,140
Depreciable assets				
Buildings	253,953	0	0	253,953
Land improvements	20,146	0	0	20,146
Distribution system	17,809,681	187,778	0	17,997,459
Intangibles	61,026	0	0	61,026
Vehicles	266,740	19,499	0	286,239
Machinery and equipment	376,797	19,378	0	396,175
Furniture and fixtures	36,977	0	0	36,977
Total depreciable assets	18,825,320	226,655	0	19,051,975
Accumulated depreciation				
Buildings	(92,518)	(6,788)	0	(99,306)
Land improvements	(7,070)	(1,089)	0	(8,159)
Distribution system	(8,410,064)	(482,514)	0	(8,892,578)
Intangibles	(41,195)	(6,103)	0	(47,298)
Vehicles	(252,989)	(10,742)	0	(263,731)
Machinery and equipment	(322,159)	(10,430)	0	(332,589)
Furniture and fixtures	(9,127)	(7,395)	0	(16,522)
Total accumulated depreciation	(9,135,122)	(525,061)	0	(9,660,183)
Total depreciable assets, net	9,690,198	(298,406)	0	9,391,792
Business-type activities capital assets, net	$ 10,380,771	$ 34,088	$ (160,927)	$ 10,253,932

The decrease of $160,927 in construction in progress is a result of project abandonments.

8. Capital Assets (continued)

Capital asset activity for the Downtown Development Authority Component Unit for the year ended December 31, 2019 was as follows:

	Balance 12/31/2018	Increases	Decreases	Balance 12/31/2019
Downtown Development Authority Component Unit				
Non-depreciable assets				
Land	$ 40,000	$ 0	$ 0	$ 40,000
Depreciable assets				
Buildings	100,751	0	0	100,751
Land improvements	22,533	0	0	22,533
Intangibles	2,496	0	0	2,496
Total depreciable assets	125,780	0	0	125,780
Less accumulated depreciation				
Buildings	(28,546)	(2,519)	0	(31,065)
Land improvements	(20,427)	(1,502)	0	(21,929)
Intangibles	(2,208)	(250)	0	(2,458)
Total accumulated depreciation	(51,181)	(4,271)	0	(55,452)
Total depreciable assets, net	74,599	(4,271)	0	70,328
Downtown Development Authority Component Unit capital assets, net	$ 114,599	$ (4,271)	$ 0	$ 110,328

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 11,332
Public Safety	213,089
Public Works	47,863
Culture and Recreation	55,977
Housing and Development	11,727
Total depreciation expense for governmental activities	$ 339,988
Business-type activities	
Water and Sewer Fund	$ 525,061
Component Unit	
Downtown Development Authority	$ 4,271

9. Long-Term Liabilities

Capital Lease Obligations

The City has entered into a capital lease agreement with a financial institution to finance the purchase of a 2017 E-One Typhoon Fire Truck. The terms of the agreement meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. This lease was financed at an interest rate of 2.73% and will mature in 2025. The balance of this lease at the end of the current fiscal year is $336,665.

The total net book value of the fire truck leased under the capital lease is $364,000 and classified as follows:

	Governmental Activities	
	Cost	Accumulated Depreciation
Vehicles	$ 560,000	$ 196,000

The City's capital lease debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2020	$ 55,202	$ 9,533	$ 64,735
2021	56,765	7,970	64,735
2022	58,373	6,362	64,735
2023	60,026	4,710	64,736
2024	61,725	3,010	64,735
2025	44,574	2,524	47,098
Totals	$ 336,665	$ 34,109	$ 370,774

9. Long-Term Liabilities (continued)

Notes from Direct Borrowings

Business-Type Activities

The City has entered into a note from a direct borrowing agreement with the Georgia Environmental Finance Authority to finance improvements to the City's water and sewerage system. Note payments and performance obligations are secured by revenues on taxes, fees and charges collected by the City. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. This note was financed at an interest rate of 0.5% and is set to mature in 2025. The outstanding principal balance at year end was $178,840.

The City's notes from direct borrowings debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2020	$ 31,193	$ 883	$ 32,076
2021	31,349	666	32,015
2022	31,506	509	32,015
2023	31,644	351	31,995
2024	31,823	193	32,016
2025	21,325	40	21,365
Totals	$ 178,840	$ 2,642	$ 181,482

9. Long-Term Liabilities (continued)

Revenue Bonds from Direct Placements

Business-Type Activities

In 2013 the City issued the 2013 Water and Sewerage Refunding Revenue Series Bonds for $2,100,000, which were issued for the refunding of the 1997 Water and Sewerage Revenue Series Bonds. The original 1997 issuance was for the expansion of the water and sewer system in the City of Lavonia. The 2013 series was issued at an interest rate of 3.25% and is due in semi-annual installments of $88,446 through July 2028. The balance of the bonds outstanding at year end was $1,370,768.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2020	$ 133,418	$ 43,475	$ 176,893
2021	137,790	39,103	176,893
2022	142,303	34,589	176,892
2023	146,966	29,926	176,892
2024	151,781	25,111	176,892
2025-2028	658,510	49,059	707,569
Totals	$ 1,370,768	$ 221,263	$ 1,592,031

9. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the City for the current year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Capital lease obligations	$ 390,347	$ 0	$ (53,682)	$ 336,665	$ 55,202
Compensated absences	42,350	51,743	(42,350)	51,743	51,743
Total governmental activities	$ 432,697	$ 51,743	$ (96,032)	$ 388,408	$ 106,945
Business-type activities					
Bonds from direct placements	$ 1,499,952	$ 0	$ (129,184)	$ 1,370,768	$ 133,418
Notes from direct borrowings	209,877	0	(31,037)	178,840	31,193
Compensated absences	31,821	30,540	(31,821)	30,540	30,540
Total business-type activities	$ 1,741,650	$ 30,540	$ (192,042)	$ 1,580,148	$ 195,151

For governmental funds, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Fund and the Solid Waste Fund. The total interest incurred and charged to expense for the current year was $10,863 and $46,761 for the governmental activities and business-type activities respectively.

10. Conduit Debt

The City, through the Hospital Authority of the City of Lavonia, has issued revenue bonds to provide financial assistance to a private-sector entity for the acquisition and construction of the Ty Cobb Regional Medical Center. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loan. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City nor the State, or any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2019, the principal amount payable for the bonds issued totaled $7,385,000; the original issue amount totaled $8,500,000

11. Restricted, Committed, and Assigned Fund Balances

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds for the year ended December 31, 2019:

	Hotel/Motel Tax	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:			
Public Safety			
Police department	$ 0	$ 13,283	$ 13,283
Housing and Development			
Trade and tourism	85,834	0	85,834
Capital outlay	0	406,800	406,800
	$ 85,834	$ 420,083	$ 505,917
Commited for:			
Public Works			
Cemetery operations	$ 0	$ 42,025	$ 42,025
Assigned for:			
Housing and Development			
Trade and tourism	$ 37,323	$ 0	$ 37,323

12. Pension Plan

Plan Description. The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The City has established provisions, which assign the authority to the City Council members to establish and amend the benefit provisions of the plan.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the City but shall be allocated to employees. All employees are eligible for immediate participation. Officials are covered under the plan and are eligible for immediate participation.

There are no loans to any of the City officials or other "party-in-interest," and there are no prohibited transactions. The plan assets do not include any securities or investments in the City of Lavonia. The funds are managed by independent money managers. The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.

At July 1, 2019, the date of the most recent actuarial valuation, there were 88 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	25
Terminated vested participants entitled to but not yet receiving benefits	22
Active participants	41
Total number of participants	88

12. Pension Plan (continued)

Benefits Provided. The plan provides retirement and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Members with thirty years of total service are eligible to retire at age 62 with no reduction in benefit. Officials are eligible to retire at age 65 with no reduction of benefits. Members are eligible for early retirement with reduced benefits based on the early retirement reduction table at age 55 after 10 years of service. The benefit formula is 2.00% with a ten year vesting schedule for terminations on or after July 1, 2000. The benefit formula is 1.25% - 1.75% with a ten year vesting schedule for terminations prior to July 1, 2000.

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City's actuarially determined contribution rate for the year ending December 31, 2019 was $117,542, or 8.35% of covered payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2019, the City reported a net pension liability of $367,078. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. For the year ended December 31, 2019, the City recognized pension expense of $116,609. In prior years, net pension liabilities have been liquidated in the General Fund, Water and Sewer Fund, and Solid Waste Fund.

12. Pension Plan (continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 22,476	$ (68,033)
Changes of assumptions	25,740	0
Net difference between projected and actual earnings on pension plan investments	6,734	0
Pension contributions subsequent to measurement date	106,229	0
Totals	$ 161,179	$ (68,033)

The $106,229 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31	
2020	$ 19,473
2021	(22,119)
2022	(19,390)
2023	8,953
Totals	$ (13,083)

Actuarial Assumptions. The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.50%

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

12. Pension Plan (continued)

The mortality and economic actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	7.40%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Real estate	10%	5.10%
Cash	0%	
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

12. Pension Plan (continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 3/31/2018	$ 3,693,762	$ 3,360,013	$ 333,749
Changes for the year:			
Service cost	74,309	0	74,309
Interest	277,263	0	277,263
Differences between expected and actual experience	(85,042)	0	(85,042)
Contributions—employer	0	125,957	(125,957)
Net investment income	0	121,046	(121,046)
Benefit payments, including refunds of employee contributions	(142,437)	(142,437)	0
Administrative expense	0	(13,802)	13,802
Net changes	124,093	90,764	33,329
Balances at 3/31/2019	$ 3,817,855	$ 3,450,777	$ 367,078

Plan fiduciary net position as a percentage of the total pension liability	90.39%
Covered payroll	$ 1,558,874
Net pension liability as a percentage of covered payroll	23.55%

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	Discount Rate	Net Pension Liabilty (Asset)
1% decrease	6.50%	$ 854,101
Current discount rate	7.50%	367,081
1% increase	8.50%	(40,672)

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

Other Plans. In addition to the plan above, various City employees are covered under the Peace Officers' Annuity and Benefit Fund of Georgia and the Firefighters Pension Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the financial statements.

13. Post Employment Life Insurance Benefits

In addition to providing pension benefits, the City provides, through passage of local ordinance, certain life insurance benefits for retired employees. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City and do not seek employment after retirement from the City. The City's share of retiree life insurance benefits is recognized as an expenditure as premiums are paid. As of December 31, 2019, there were 12 retirees eligible for and receiving the benefits. For 2019, the cost of providing these benefits totaled $4,176.

The City has elected not to adopt the provisions of GASB Statement No. 75. Any unrecorded liability for other post employment benefits would be immaterial to the financial statements.

14. Hotel/Motel Lodging Tax

The City has levied an 8% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(5.2). The City is required to spend, of the total taxes collected, an amount equal to at least 33 1/3% for the purpose of promoting tourism, conventions, and trade shows, 16 2/3% for the purpose of marketing or operating a community auditorium or theater, and 33 1/3% for general recreation purposes. A summary of the transactions for the year ending December 31, 2019 follows:

Lodging tax receipts	$488,292
Disbursements to promote tourism, conventions, and trade shows, operation of community theater, and general recreation purposes	$297,492 61% of tax receipts

15. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission and is required to pay annual dues thereto. During its year ended December 31, 2019, the City paid $2,383 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from Georgia Mountains Regional Commission, PO Box 1720, Gainesville, GA 30503.

The City of Lavonia has entered into an intergovernmental agreement with the Joint Development Authority of Hart, Franklin, and Stephens Counties, Georgia, to provide sewer services to the occupants of the Gateway Business Park, an industrial park development located jointly in Hart and Franklin Counties. During the current year, the City recognized no expenditures for this joint venture. Separate financial statements may be obtained from Joint Development Authority of Hart, Franklin, and Stephens Counties, Georgia, PO Box 793, Hartwell, GA 30643.

16. Related Organizations

The Housing Authority of the City of Lavonia is considered a related organization to the City of Lavonia. The City appoints members to the Authority but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Lavonia. The City received $15,476 as payment-in-lieu-of-taxes during the current year. Separate financial statements may be obtained from Housing Authority of the City of Lavonia, PO Box 453, Lavonia, GA 30553.

17. Risk Management

Material estimates have been made by management about the life of depreciated fixed assets. Management has used a conservative approach on these estimates.

The City is exposed to various risks of loss related to torts; injuries to employees; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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 also obligated 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.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At December 31, 2019, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

18. Commitments and Contingencies

Commitments

The City has an active construction project as of December 31, 2019. At year-end, the City has no commitments with contractors.

Contingencies

The City's legal counsel has stated that there are presently no determinable lawsuits.

19. New Accounting Standards

The City implemented GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements, effective for the City's current year. The requirements of this statement have been extended for periods beginning after June 15, 2019.

The City implemented GASB Statement No. 84, *Fiduciary Activities*, effective for the City's current year. The requirements of this statement have been extended for periods beginning after December 15, 2019.

20. Subsequent Events

Management has evaluated subsequent events through April 29, 2020 the date the financial statements were available to be issued.

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the City, its performance, and its financial results.

In February 2020, the City signed an agreement with the Georgia Environmental Finance Authority for a note totaling $2,206,000. These funds will provide financing for the construction of new water and sewer lines at Hart County's Lavonia Gateway Industrial Park.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAVONIA, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
December 31, 2019
(Unaudited)

	Fiscal Year End	
	2019	**2018**
Total pension liability		
Service cost	$ 74,309	$ 94,111
Interest	277,263	259,495
Differences between expected and actual experience	(85,042)	7,793
Benefit payments, including refunds of employee contributions	(142,437)	(134,876)
Other changes		51,479
Net change in total pension liability	124,093	278,002
Total pension liability - beginning	3,693,762	3,415,760
Total pension liability - ending (a)	$ 3,817,855	$ 3,693,762
Plan fiduciary net position		
Contributions - employer	$ 125,957	$ 123,457
Net investment income	121,046	374,107
Benefit payments, including refunds of employee contributions	(142,437)	(134,876)
Administrative expense	(13,802)	(13,650)
Net change in plan fiduciary net position	90,764	349,038
Plan fiduciary net position - beginning	3,360,013	3,010,975
Plan fiduciary net position - ending (b)	$ 3,450,777	$ 3,360,013
Net pension liability (asset) - ending : (a) - (b)	$ 367,078	$ 333,749
Plan's fiduciary net position as a percentage of the total pension liability	90.39%	90.96%
Covered payroll	$ 1,558,874	$ 1,388,421
Net pension liability as a percentage of covered payroll	23.55%	24.04%

Note: 2015 was the first year of implementation.

The accompanying notes to the required supplementary information are an integral part of this schedule.

Fiscal Year End		
2017	2016	2015
$ 86,408	$ 87,873	$ 87,588
241,046	225,077	212,123
42,483	7,932	(36,071)
(128,903)	(100,731)	(85,732)
0	0	(3,275)
241,034	220,151	174,633
3,174,726	2,954,575	2,779,942
$ 3,415,760	$ 3,174,726	$ 2,954,575
$ 117,756	$ 109,785	$ 118,627
338,321	8,429	236,720
(128,903)	(100,731)	(85,732)
(13,870)	(9,914)	(9,209)
313,304	7,569	260,406
2,697,671	2,690,102	2,429,696
$ 3,010,975	$ 2,697,671	$ 2,690,102
$ 404,785	$ 477,055	$ 264,473
88.15%	84.97%	91.05%
$ 1,556,969	$ 1,455,761	$ 1,487,956
26.00%	32.77%	17.77%

CITY OF LAVONIA, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
December 31, 2019
(Unaudited)

	Fiscal Year End	
	2019	**2018**
Actuarially determined contribution	$ 117,542	$ 128,762
Contributions in relation to the actuarially determined contribution	(117,542)	(128,762)
Contribution deficiency (excess)	$ 0	$ 0
Covered payroll	$ 1,407,031	$ 1,649,084
Contributions as a percentage of covered payroll	8.35%	7.81%

Note: 2015 was the first year of implementation.

The accompanying notes to the required supplementary information are an integral part of this schedule.

Fiscal Year End		
2017	2016	2015
$ 121,689	$ 116,445	$ 107,565
(121,689)	(116,445)	(116,739)
$ 0	$ 0	$ (9,174)
$ 1,388,421	$ 1,556,969	$ 1,455,761
8.76%	7.48%	7.39%

1. Valuation Date

The actuarially determined contribution rate was determined as of July 1, 2019, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ending December 31, 2020.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = N/A

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.50%

Projected salary increases = 2.75% plus service based merit increases

Cost of living adjustments = 0.00%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

3. Changes in Benefits

There have been no substantive changes since the last actuarial valuation.

4. Changes of Assumptions

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.5%
The inflation assumption was decrease from 3.25% to 2.75%

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COMBINING STATEMENTS

Nonmajor Governmental Funds

CITY OF LAVONIA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2019

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds
	Confiscated Assets	Revolving Loan	Cemetery	2010 SPLOST	2015 SPLOST	
ASSETS						
Cash and cash equivalents	$ 13,423	$ 0	$ 42,823	$ 0	$ 338,047	$ 394,293
Receivables						
Intergovernmental	0	0	0	0	85,553	85,553
Total assets	$ 13,423	$ 0	$ 42,823	$ 0	$ 423,600	$ 479,846
LIABILITIES AND FUND BALANCES						
Liabilities						
Payables						
Accounts	$ 0	$ 0	$ 75	$ 0	$ 16,800	$ 16,875
Due to other funds	0	0	723	0	0	723
Other liabilities	140	0	0	0	0	140
Total liabilities	140	0	798	0	16,800	17,738
Fund balances						
Restricted for:						
Public Safety	13,283	0	0	0	0	13,283
Capital outlay	0	0	0	0	406,800	406,800
Committed for:						
Public Works	0	0	42,025	0	0	42,025
Total fund balances	13,283	0	42,025	0	406,800	462,108
Total liabilities and fund balances	$ 13,423	$ 0	$ 42,823	$ 0	$ 423,600	$ 479,846

CITY OF LAVONIA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2019

	Special Revenue			Capital Projects		Total Nonmajor
	Confiscated Assets	Revolving Loan	Cemetery	2010 SPLOST	2015 SPLOST	Governmental Funds
REVENUES						
Charges for services	$ 0	$ 0	$ 17,555	$ 0	$ 0	$ 17,555
Fees, fines, and forfeitures	2,023	0	0	0	0	2,023
Intergovernmental	0	0	0	0	299,241	299,241
Interest	1	4	0	0	31	36
Total revenues	2,024	4	17,555	0	299,272	318,855
EXPENDITURES						
Current						
Public Safety	1,323	0	0	0	0	1,323
Public Works	0	0	3,566	0	0	3,566
Housing and Development	0	179,466	0	0	0	179,466
Capital Outlay	0	0	0	0	107,804	107,804
Debt Service	0	0	0	0	29,400	29,400
Total expenditures	1,323	179,466	3,566	0	137,204	321,559
Excess (deficiency) of revenues over (under) expenditures	701	(179,462)	13,989	0	162,068	(2,704)
Other financing sources (uses)						
Transfers out	0	0	0	(75,785)	(70,406)	(146,191)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	701	(179,462)	13,989	(75,785)	91,662	(148,895)
Fund balances, January 1	12,582	179,462	28,036	75,785	315,138	611,003
Fund balances, December 31	$ 13,283	$ 0	$ 42,025	$ 0	$ 406,800	$ 462,108

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GENERAL FUND

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

CITY OF LAVONIA, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash	$ 1,223,141	$ 1,408,890
Certificates of deposit	1,000,000	500,000
Receivables (net)		
Intergovernmental	1,128	1,082
Interest	23,409	2,101
Taxes	396,647	381,726
Prepaid items	13,874	16,340
Property held for resale	51,364	51,364
Due from other funds	32,698	7,752
Total assets	$ 2,742,261	$ 2,369,255
LIABILITIES		
Accounts payable	$ 11,731	$ 14,424
Accrued salaries and payroll liabilities	35,489	28,376
Other liabilities	2,815	2,815
Total liabilities	50,035	45,615
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	17,781	11,473
FUND BALANCES		
Nonspendable		
Prepaid items	13,874	16,340
Property held for resale	51,364	51,364
Unassigned	2,609,207	2,244,463
Total fund balances	2,674,445	2,312,167
Total liabilities, deferred inflows of resources and fund balances	$ 2,742,261	$ 2,369,255

CITY OF LAVONIA, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the years ended December 31, 2019 and 2018

	2019	2018
REVENUES		
Taxes	$ 2,244,731	$ 2,187,028
Licenses and permits	49,098	63,035
Fines, fees and forfeitures	147,473	104,286
Charges for services	14,211	15,364
Intergovernmental	73,780	71,108
Interest	23,633	2,198
Other	22,507	24,831
Total revenues	2,575,433	2,467,850
EXPENDITURES		
Current		
General Government	412,288	393,850
Judicial	58,166	31,384
Public Safety	1,220,535	1,798,653
Public Works	425,378	429,290
Culture and Recreation	117,120	100,965
Housing and Development	120,600	101,745
Debt Service	35,335	74,935
Total expenditures	2,389,422	2,930,822
Excess of revenues over expenditures	186,011	(462,972)
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Tax Fund	209,989	193,179
Solid Waste Fund	(33,722)	(33,013)
Proceeds from sale of capital assets	0	10,300
Total other financing sources (uses)	176,267	170,466
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	362,278	(292,506)
Fund balances, January 1	2,312,167	2,604,673
Fund balances, December 31	$ 2,674,445	$ 2,312,167

CITY OF LAVONIA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2019
(With comparative actual amounts for the year ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 934,000	$ 954,132	$ 20,132	$ 903,001
Motor vehicle tax	80,000	77,043	(2,957)	99,360
Total general property taxes	1,014,000	1,031,175	17,175	1,002,361
Local option sales tax	444,300	541,966	97,666	516,363
Intangibles tax	10,000	9,735	(265)	10,118
Franchise tax	270,000	289,192	19,192	291,226
Insurance premium tax	140,000	164,147	24,147	154,531
Alcoholic beverage excise tax	120,000	133,586	13,586	129,177
Occupational tax	78,350	74,930	(3,420)	83,252
Total taxes	2,076,650	2,244,731	168,081	2,187,028
Licenses and permits				
Alcohol licenses	29,475	40,600	11,125	44,000
Building permits	3,300	6,343	3,043	17,932
Sign permits	1,500	2,155	655	1,103
Total licenses and permits	34,275	49,098	14,823	63,035
Fines, fees and forfeitures	100,000	147,473	47,473	104,286
Charges for Services				
Recreation	16,000	13,800	(2,200)	15,039
Other charges for services	40,000	411	(39,589)	325
Total charges for services	56,000	14,211	(41,789)	15,364
Intergovernmental				
Grants	45,250	45,274	24	40,055
Other	21,500	28,506	7,006	31,053
Total intergovernmental	66,750	73,780	7,030	71,108
Interest	5,000	23,633	18,633	2,198
Contributions	5,000	0	(5,000)	0
Other	5,000	22,507	17,507	24,831
Total revenues	$ 2,348,675	$ 2,575,433	$ 226,758	$ 2,467,850

CITY OF LAVONIA, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2019
(With comparative actual amounts for the year ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Governing Body				
Personal services	$ 87,388	$ 75,513	$ 11,875	$ 76,873
Contract services	34,050	36,665	(2,615)	31,485
Materials and supplies	1,500	1,780	(280)	218
Total Governing Body	122,938	113,958	8,980	108,576
Financial Administration				
Personal services	163,156	155,294	7,862	155,893
Contract services	110,400	113,782	(3,382)	100,691
Materials and supplies	31,300	29,254	2,046	28,690
Total Financial Administration	304,856	298,330	6,526	285,274
Total General Government	427,794	412,288	15,506	393,850
Judicial				
Municipal Court				
Personal services	55,130	51,566	3,564	22,855
Contract services	8,800	6,600	2,200	8,529
Total Judicial	63,930	58,166	5,764	31,384
Public Safety				
Police Department				
Personal services	861,072	850,995	10,077	885,747
Contract services	147,700	126,794	20,906	134,793
Materials and supplies	43,600	69,646	(26,046)	49,194
Capital outlay	11,000	13,215	(2,215)	0
Payments to other agencies	13,500	12,388	1,112	11,302
Total Police Department	1,076,872	1,073,038	3,834	1,081,036
Fire Department				
Personal services	58,700	50,758	7,942	47,219
Contract services	39,700	32,485	7,215	50,808
Materials and supplies	38,750	61,071	(22,321)	56,524
Capital outlay	18,000	0	18,000	560,000
Total Fire Department	155,150	144,314	10,836	714,551
Communications				
Contract services	1,000	0	1,000	0
Materials and supplies	3,800	3,183	617	3,066
Total Communications	4,800	3,183	1,617	3,066
Total Public Safety	1,236,822	1,220,535	16,287	1,798,653

CITY OF LAVONIA, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2019
(With comparative actual amounts for the year ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
Public Works				
Highways and Streets				
Personal services	$ 151,259	$ 161,126	$ (9,867)	$ 148,111
Contract services	98,300	89,288	9,012	89,426
Materials and supplies	113,754	112,576	1,178	125,669
Total Highways and Streets	363,313	362,990	323	363,206
Maintenance Shop				
Personal services	23,609	22,272	1,337	22,147
Contract services	6,400	5,329	1,071	5,136
Materials and supplies	7,552	7,946	(394)	9,982
Total Maintenance Shop	37,561	35,547	2,014	37,265
Detention Services				
Personal services	27,390	26,015	1,375	27,042
Contract services	3,000	813	2,187	1,585
Materials and supplies	500	13	487	192
Total Detention Services	30,890	26,841	4,049	28,819
Total Public Works	431,764	425,378	6,386	429,290
Culture and Recreation				
Parks and Recreation				
Personal services	56,653	54,364	2,289	54,842
Contract services	8,920	6,307	2,613	6,174
Materials and supplies	25,426	21,627	3,799	22,782
Capital outlay	0	3,000	(3,000)	0
Total Parks and Recreation	90,999	85,298	5,701	83,798
Community Center				
Contract services	4,450	1,444	3,006	1,696
Materials and supplies	6,500	7,410	(910)	7,831
Capital outlay	2,500	0	2,500	0
Total Community Center	13,450	8,854	4,596	9,527
Library				
Contract services	2,700	2,417	283	2,711
Materials and supplies	6,000	4,551	1,449	4,929
Payments to others	16,000	16,000	0	0
Total Library	24,700	22,968	1,732	7,640
Total Culture and Recreation	129,149	117,120	12,029	100,965

CITY OF LAVONIA, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2019
(With comparative actual amounts for the year ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
Housing and Development				
Inspections				
Personal services	$ 20,703	$ 20,153	$ 550	$ 19,562
Contract services	4,400	4,167	233	3,851
Materials and supplies	1,250	572	678	905
Total Inspections	26,353	24,892	1,461	24,318
Planning and Zoning				
Personal services	1,350	484	866	1,346
Better Home Towns				
Personal services	91,090	83,785	7,305	71,757
Contract services	4,000	415	3,585	650
Materials and supplies	1,500	521	979	1,331
Total Better Home Towns	96,590	84,721	11,869	73,738
Cannery				
Contract services	2,300	10,148	(7,848)	1,797
Materials and supplies	1,600	355	1,245	546
Capital Outlay	8,500	0	8,500	0
Total Cannery	12,400	10,503	1,897	2,343
Total Housing and Development	136,693	120,600	16,093	101,745
Total Current	2,426,152	2,354,087	72,065	2,855,887
Debt Service				
Public Safety				
Fire Department	35,400	35,335	65	74,935
Total Expenditures	$ 2,461,552	$ 2,389,422	$ 72,130	$ 2,930,822

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Confiscated Assets Fund - This fund is used to account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

Hotel/Motel Tax Fund - This fund is used to collect Hotel/Motel taxes which are used to support trade and tourism in the City of Lavonia.

Revolving Loan Fund – This fund is used to record activities connected with US Department of Housing and Urban Development Community Development Block Grant/Employment Incentive Program. The objective of the grant is to develop employment opportunities, principally to persons of low and moderate income.

Cemetery Fund – This fund is used to account for activities connected with the receipt and disbursement of funds committed for support of the City cemetery.

CITY OF LAVONIA, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 13,423	$ 16,094
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 3,372
Other liabilities	140	140
Total liabilities	140	3,512
Fund balances		
Restricted for Public Safety	13,283	12,582
Total liabilities and fund balances	$ 13,423	$ 16,094

CITY OF LAVONIA, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2019
(With comparative actual amounts for the year ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
REVENUES				
Fees, fines, and forfeitures	$ 11,500	$ 2,023	$ (9,477)	$ 0
Interest	0	1	1	0
Total revenue	11,500	2,024	(9,476)	0
EXPENDITURES				
Current				
Public Safety				
Contract services	0	1,323	(1,323)	0
Materials and supplies	11,500	0	11,500	5,367
Total expenditures	11,500	1,323	10,177	5,367
Excess (deficiency) of revenues over (under) expenditures	0	701	701	(5,367)
Fund balances, January 1	0	12,582	12,582	17,949
Fund balances, December 31	$ 0	$ 13,283	$ 13,283	$ 12,582

CITY OF LAVONIA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 163,789	$ 135,808
Taxes receivable	32,324	41,997
Prepaid items	785	927
Total assets	$ 196,898	$ 178,732
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 41,523	$ 33,460
Due to other funds	31,308	7,029
Other liabilities	125	125
Total liabilities	72,956	40,614
Fund balances		
Nonspendable prepaid items	785	927
Restricted for Housing and Development	85,834	73,144
Assigned for Housing and Development	37,323	64,047
Total fund balances	123,942	138,118
Total liabilities and fund balances	$ 196,898	$ 178,732

CITY OF LAVONIA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2019
(With comparative actual amounts for the year ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	$ 500,000	$ 488,292	$ (11,708)	$ 484,626
Intergovernmental	0	5,000	5,000	0
Interest	0	13	13	14
Total revenues	500,000	493,305	(6,695)	484,640
EXPENDITURES				
Current				
Housing and Development				
Personal services	0	0	0	2,837
Contract services	31,675	23,800	7,875	22,382
Material and supplies	24,950	25,064	(114)	22,964
Payments to other agencies	268,125	248,628	19,497	251,775
Capital outlay	5,000	0	5,000	0
Total expenditures	329,750	297,492	32,258	299,958
Excess (deficiency) of revenues over (under) expenditures	170,250	195,813	25,563	184,682
Other financing sources (uses)				
Transfer to General Fund	(161,250)	(209,989)	(48,739)	(193,179)
Contiengency	(9,000)	0	9,000	0
Total other financing sources (uses)	(170,250)	(209,989)	(39,739)	(193,179)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(14,176)	(14,176)	(8,497)
Fund balances, January 1	0	138,118	138,118	146,615
Fund balances, December 31	$ 0	$ 123,942	$ 123,942	$ 138,118

CITY OF LAVONIA, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 0	$ 179,462
FUND BALANCES		
Restricted for housing and development	$ 0	$ 179,462

CITY OF LAVONIA, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2019
(With comparative actual amounts for the year ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
REVENUES				
Interest	$ 1,000	$ 4	$ 996	$ 24
EXPENDITURES				
Current				
Housing and Development				
Payments to others	179,500	179,466	34	0
Excess (deficiency) of revenues over (under) expenditures	(178,500)	(179,462)	962	24
Fund balances, January 1	178,500	179,462	(962)	179,438
Fund balances, December 31	$ 0	$ 0	$ 0	$ 179,462

CITY OF LAVONIA, GEORGIA
CEMETERY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 42,823	$ 28,759
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 75	$ 0
Due to other funds	723	723
Total liabilities	798	723
Fund balances		
Committed for Public Works	42,025	28,036
Total liabilities and fund balances	$ 42,823	$ 28,759

CITY OF LAVONIA, GEORGIA
CEMETERY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2019
(With comparative actual amounts for the year ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 9,500	$ 17,555	$ 8,055	$ 11,640
Total revenues	9,500	17,555	8,055	11,640
EXPENDITURES				
Current				
Public Works				
Contract services	500	600	(100)	0
Materials and supplies	3,000	2,966	34	1,983
Total expenditures	3,500	3,566	(66)	1,983
Excess (deficiency) of revenues over (under) expenditures	6,000	13,989	7,989	9,657
Other financing sources (uses)				
Contingency	(6,000)	0	6,000	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	13,989	13,989	9,657
Fund balances, January 1	0	28,036	28,036	18,379
Fund balances, December 31	$ 0	$ 42,025	$ 42,025	$ 28,036

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CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds).

2010 Special Purpose Local Option Sales Tax Fund – This fund is used to account for long-term projects financed by the passage of the 2010 special purpose local option sales tax.

2015 Special Purpose Local Option Sales Tax Fund – This fund is used to account for long-term projects financed by the passage of the 2015 special purpose local option sales tax.

CITY OF LAVONIA, GEORGIA
2010 SPECIAL PURPOSE LOCAL OPTION SALES TAX
COMPARATIVE BALANCE SHEETS
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 0	$ 75,785
FUND BALANCES		
Restricted for capital outlay	$ 0	$ 75,785

CITY OF LAVONIA, GEORGIA
2010 SPECIAL PURPOSE LOCAL OPTION SALES TAX
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the years ended December 31, 2019 and 2018

	2019	2018
REVENUES		
Interest	$ 0	$ 11
EXPENDITURES		
Capital outlay		
Culture and Recreation		
Recreation	0	3,710
Excess (deficiency) of revenues over (under) expenditures	0	(3,699)
Other financing sources (uses)		
Transfer to Water and Sewer Fund	(75,785)	(68,684)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	(75,785)	(72,383)
Fund balances, January 1	75,785	148,168
Fund balances, December 31	$ 0	$ 75,785

CITY OF LAVONIA, GEORGIA
2015 SPECIAL PURPOSE LOCAL OPTION SALES TAX
COMPARATIVE BALANCE SHEETS
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 338,047	$ 229,286
Intergovernmental receivables	85,553	85,852
Total assets	$ 423,600	$ 315,138
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 16,800	$ 0
Fund Balances		
Restricted for capital outlay	406,800	315,138
Total liabilities and fund balances	$ 423,600	$ 315,138

CITY OF LAVONIA, GEORGIA
2015 SPECIAL PURPOSE LOCAL OPTION SALES TAX
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the years ended December 31, 2019 and 2018

	2019	2018
REVENUES		
Intergovernmental	$ 299,241	$ 306,622
Interest	31	19
Total revenues	299,272	306,641
EXPENDITURES		
Capital outlay		
Public Safety		
Police	59,545	27,617
Public Works		
Highways and Streets	37,284	45,010
Culture and Recreation		
Recreation	10,975	20,311
Debt service		
Public Safety		
Fire	29,400	58,800
Total expenditures	137,204	151,738
Excess (deficiency) of revenues over (under) expenditures	162,068	154,903
Other financing sources (uses)		
Transfer to Water and Sewer Fund	(70,406)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	91,662	154,903
Fund balances, January 1	315,138	160,235
Fund balances, December 31	$ 406,800	$ 315,138

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewer Fund - Used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Lavonia.

Solid Waste Fund - Used to account for activities connected with the collection and disposal of residential, commercial, industrial, and institutional solid waste in the City of Lavonia.

CITY OF LAVONIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,202,739	$ 1,268,419
Certificates of deposit	1,195,195	646,491
Receivables		
Accounts (net)	337,517	327,527
Intergovernmental	135,494	0
Interest	28,137	2,673
Inventory	60,117	54,254
Prepaid items	14,189	16,034
Total current assets	2,973,388	2,315,398
Restricted assets		
Bond Redemption		
Cash and cash equivalents	106,903	103,788
Customer Deposits		
Certificates of deposit	54,805	53,509
Total restricted assets	161,708	157,297
Capital assets		
Land	413,072	413,072
Land improvements	20,146	20,146
Buildings	253,953	253,953
Vehicles	286,239	266,740
Furniture and fixtures	36,977	36,977
Plant and facilities	9,790,027	9,790,027
Water and sewer lines and towers	8,207,432	8,019,654
Machinery and equipment	396,175	376,797
Nondepreciable intangibles	116,574	116,574
Depreciable intangibles	61,026	61,026
Construction in progress	332,494	160,927
Accumulated depreciation	(9,660,183)	(9,135,122)
Total capital assets (net of accumulated depreciation)	10,253,932	10,380,771
Total assets	13,389,028	12,853,466
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	59,135	64,090

CITY OF LAVONIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
December 31, 2019 and 2018

	2019	2018
LIABILITIES		
Current liabilities		
Accounts payable	$ 12,962	$ 11,885
Accrued salaries and payroll liabilities	20,185	19,823
Compensated absences	30,250	31,763
Unearned revenue	21,563	20,294
Notes payable	31,193	31,037
Due to other funds	667	0
Other current liabilities	3,902	3,902
Total current liabilities	120,722	118,704
Current liabilities payable from restricted assets		
Customer deposits	54,805	53,509
Revenue bonds payable	133,418	129,185
Interest payable	20,419	22,343
Total current liabilities payable from restricted assets	208,642	205,037
Noncurrent liabilities		
Net pension liability	139,895	129,063
Notes payable	147,647	178,840
Revenue bonds payable	1,237,350	1,370,767
Total noncurrent liabilities	1,524,892	1,678,670
Total liabilities	1,854,256	2,002,411
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	22,940	48,466
NET POSITION		
Net investment in capital assets	8,704,324	8,670,942
Restricted for debt service	86,484	81,445
Unrestricted	2,780,159	2,114,292
Total net position	$ 11,570,967	$ 10,866,679

CITY OF LAVONIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 2,003,744	$ 1,781,379
Sewer charges	753,442	633,900
Tap fees	28,725	29,375
Other	24,214	24,743
Total operating revenues	2,810,125	2,469,397
OPERATING EXPENSES		
Costs of sales and services	1,082,161	968,396
Personal services	856,593	892,795
Depreciation	525,061	518,600
Total operating expenses	2,463,815	2,379,791
Operating income (loss)	346,310	89,606
Non-operating revenues (expenses)		
Interest revenue	28,581	3,703
Interest expense	(46,761)	(51,075)
Gain (loss) on sale of capital assets	(160,927)	0
Total non-operating revenues (expenses)	(179,107)	(47,372)
Net income (loss) before capital contributions and transfers	167,203	42,234
Capital contributions		
Intergovernmental	332,494	0
Contributions	75,272	0
Total capital contributions	407,766	0
Net income (loss) before and transfers	574,969	42,234
Transfers in (out)		
2010 SPLOST Fund	75,785	68,684
2015 SPLOST Fund	70,406	0
Solid Waste Fund	(16,872)	16,629
Total transfers in (out)	129,319	85,313
Change in net position	704,288	127,547
Net position, January 1	10,866,679	10,739,132
Net position, December 31	$ 11,570,967	$ 10,866,679

CITY OF LAVONIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Receipts from customers	$ 2,778,485	$ 2,392,330
Payments to suppliers	(1,085,643)	(971,926)
Payments to employees	(867,483)	(894,003)
Other receipts	24,756	24,743
Net cash provided (used) by operating activities	850,115	551,144
Cash flows from non-capital financing activities:		
Payments to other funds	667	0
Receipts from other funds	(16,872)	16,629
Net cash provided (used) by non-capital financing activities	(16,205)	16,629
Cash flows from capital and related financing activities:		
Receipts from other funds	146,191	68,684
Receipts from other governments	197,000	0
Payments for acquisitions of capital assets	(559,149)	(46,868)
Receipts of capital contributions	75,272	0
Principal payments - revenue bonds	(129,184)	(125,087)
Principal payments - notes payable	(31,037)	(30,884)
Interest paid	(48,686)	(52,938)
Net cash provided (used) by capital and related financing activities	(349,593)	(187,093)
Cash flows from investing activities:		
Proceeds from certificates of deposit	0	700,000
Purchases of certificates of deposit	(550,000)	(700,000)
Interest received	3,118	3,163
Net cash provided (used) by investing activities	(546,882)	3,163
Net increase (decrease) in cash and cash equivalents	(62,565)	383,843
Cash and cash equivalents, January 1	1,372,207	988,364
Cash and cash equivalents, December 31	$ 1,309,642	$ 1,372,207

CITY OF LAVONIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018

	2019	2018
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 346,310	$ 89,606
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	525,061	518,600
(Increase) decrease in accounts receivable	(9,990)	(58,286)
(Increase) decrease in inventories	(5,863)	(838)
(Increase) decrease in prepaid items	1,845	3,540
(Increase) decrease in deferred outflows related to pension	4,955	(14,259)
Increase (decrease) in accounts payable	1,077	(6,232)
Increase (decrease) in unearned revenue	1,269	5,719
Increase (decrease) in payroll liabilities	(1,151)	(943)
Increase (decrease) in net pension liability	10,832	(25,527)
Increase (decrease) in deferred inflows related to pension	(25,526)	39,521
Increase (decrease) in deposits payable	1,296	243
Total adjustments	503,805	461,538
Net cash provided (used) by operating activities	$ 850,115	$ 551,144
Cash and cash equivalents reconciliation		
Cash and cash equivalents	$ 1,202,739	$ 1,268,419
Debt Redemption		
Cash and cash equivalents	106,903	103,788
Total cash and cash equivalents	$ 1,309,642	$ 1,372,207

CITY OF LAVONIA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Accounts receivable (net)	$ 43,745	$ 45,449
Prepaid items	323	381
Total assets	44,068	45,830
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	3,851	3,820
LIABILITIES		
Current liabilities		
Accounts payable	30,154	28,660
Accrued salaries and payroll liabilities	1,047	1,072
Compensated absences	290	58
Unearned revenue	2,940	2,508
Total current liabilities	34,431	32,298
Noncurrent liabilities		
Net pension liability	8,474	7,746
Total liabilities	42,905	40,044
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	1,469	2,581
NET POSITION		
Unrestricted	$ 3,545	$ 7,025

CITY OF LAVONIA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Charges for sales and services	$ 354,946	$ 353,994
OPERATING EXPENSES		
Costs of sales and services	362,012	251,627
Personal services	47,008	44,190
Total operating expenses	409,020	295,817
Operating income (loss)	(54,074)	58,177
Transfers in (out)		
General Fund	33,722	33,013
Water and Sewer Fund	16,872	(16,629)
Total transfers in (out)	50,594	16,384
Change in net position	(3,480)	74,561
Net position, January 1	7,025	(67,536)
Net position, December 31	$ 3,545	$ 7,025

CITY OF LAVONIA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Receipts from customers	$ 357,082	$ 352,025
Payments to suppliers	(360,460)	(324,252)
Payments to employees	(47,216)	(44,157)
Net cash provided (used) by operating activities	(50,594)	(16,384)
Cash flows from non-capital financing activities:		
Payments to other funds	0	(16,629)
Receipts from other funds	50,594	33,013
Net cash provided (used) by non-capital financing activities	50,594	16,384
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, January 1	0	0
Cash and cash equivalents, December 31	$ 0	$ 0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (54,074)	$ 58,177
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	1,704	(1,985)
(Increase) decrease in prepaid items	58	(5)
(Increase) decrease in deferred outflows related to pension	(31)	(865)
Increase (decrease) in accounts payable	1,494	2,380
Increase (decrease) in unearned revenue	432	16
Increase (decrease) in accrued payroll liabilities	207	49
Increase (decrease) in net pension liability	728	(1,549)
Increase (decrease) in post-closure care liability	0	(75,000)
Increase (decrease) in deferred inflows related to pension	(1,112)	2,398
Total adjustments	3,480	(74,561)
Net cash provided (used) by operating activities	$ (50,594)	$ (16,384)

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CUSTODIAL FUNDS

Custodial funds are used to account for assets held by the City as an agent to be expended in accordance with the conditions of its agency capacity.

Municipal Court Fund – This fund is used to account, on a temporary basis, for fines collected by the municipal court that ultimately are transmitted to another agency.

CITY OF LAVONIA, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 6,975	$ 35,058
Accounts receivable	40	40
Total assets	7,015	35,098
LIABILITIES		
Due to others	7,015	35,098
NET POSITION		
Restricted for judicial activities	$ 0	$ 0

CITY OF LAVONIA, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the years ended December 31, 2019 and 2018

	2019	2018
ADDITIONS		
Fines and forfeitures	$ 167,414	$ 169,501
Interest	7	3
Total Additions	167,421	169,504
DEDUCTIONS		
Distributions to others	167,421	169,504
Change in net position	0	0
Net position, January 1	0	0
Net position, December 31	$ 0	$ 0

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COMPONENT UNIT

Downtown Development Authority – This component unit is used to account for governmental revenues and contributions reserved for City business development.

CITY OF LAVONIA, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
December 31, 2019 and 2018

ASSETS	**2019**	**2018**
Cash and cash equivalents	$ 12,323	$ 9,680
Intergovernmental receivable	10,000	0
Total assets	$ 22,323	$ 9,680
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 379	$ 59
Other liabilities	88	88
Total liabilities	467	147
Fund balances		
Assigned for:		
Housing and Development	21,856	9,533
Total liabilities and fund balances	$ 22,323	$ 9,680

CITY OF LAVONIA, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2019
(With comparative actual amounts for the year ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 30,000	$ 30,000	$ 0	$ 30,000
Rent	9,120	9,797	677	9,512
Other	2,880	6,544	3,664	1,665
Total revenues	42,000	46,341	4,341	41,177
EXPENDITURES				
Current				
Housing and Development				
Contract services	21,500	17,646	3,854	19,941
Supplies and materials	18,000	16,372	1,628	9,835
Capital outlay	500	0	500	0
Payments to other agencies	2,000	0	2,000	1,775
Total expenditures	42,000	34,018	7,982	31,551
Excess of revenues over (under) expenditures	0	12,323	12,323	9,626
Fund balances, January 1	0	9,533	9,533	(93)
Fund balances, December 31	$ 0	$ 21,856	$ 21,856	$ 9,533

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OTHER REPORTING SECTION

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*

Honorable Mayor and Members
of the City Council
City of Lavonia, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lavonia, Georgia, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2020.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Lavonia, Georgia's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. As discussed below, we did identify deficiencies in internal control that we consider to be significant deficiencies.

Comment 2019-001

Condition: City personnel lack the necessary training and expertise in identification and application of generally accepted accounting policies and financial statement preparation. Currently, the City relies on the external auditors for technical assistance in these areas. This is common for governments of similar size and structure to the City of Lavonia. This does not indicate that the City Clerk is not trained to perform the daily accounting functions, but that the City has elected, as a cost benefit, to outsource this expertise to their auditors.

Criteria: Effective internal control requires that employees possess the necessary qualifications and training to fulfill their assigned duties.

Comment 2019-001, continued

Effect: Failure to ensure that employees possess the necessary qualifications to perform their assigned duties may lead to financial statements that are materially misstated.

Cause: The City's staff does not have proper training in generally accepted accounting principles to implement them or prepare financial statements.

Recommendation: City personnel should receive additional training in the identification and application of generally accepted accounting principles and the preparation of the City's financial statements. However, this may be cost prohibitive without hiring a qualified financial director.

Management Response: Management concurs with this finding. The City has determined that the cost of training City personnel to fully perform the duties of financial director is prohibitive. The governing body and management have determined that personnel should receive training to the extent that is economically feasible and to continue to rely on the technical assistance of the external auditor or other qualified professional when necessary. This action was taken immediately upon receipt of the comment from our auditors.

Comment 2019-002

Condition: While performing audit procedures at Municipal Court, we noted that monthly payouts for probation were not made in a timely manner. In addition, the cash held does not reconcile to their subsidiary listing of who the money is due to.

Criteria: Municipal courts monies should be paid out and reconciled to subsidiary listings in a timely manner.

Effect: Failure to make required payouts and reconcile balances of monies being held by the Court exposes the City to greater risk of loss and may lead to management decisions based on incorrect information.

Cause: The City's payouts and reconciliations are not being made timely.

Recommendation: At a minimum, payouts and reconciliations should be performed monthly.

Management Response: Management concurs with this finding. Action was taken immediately upon receipt of this comment and management has offered to provide assistance in implementing this recommendation.

Compliance and Other Matters

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

The City of Lavonia, Georgia's Response to Findings

The City of Lavonia, Georgia's responses to the findings identified in our audit are described above. The City's responses were not subjected to the auditing procedures applied to the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report is intended solely to describe the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Lavonia, Georgia'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 City's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
April 29, 2020

STATE REPORTING SECTION

CITY OF LAVONIA, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the year ended December 31, 2019

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2010 Referendum					
Water Expansion	$ 385,715	$ 385,715	$ 372,606	$ 75,785	$ 448,391
Police Department Facilities and Equipment	192,857	192,857	186,130	0	186,130
Fire Department Facilities and Equipment	200,000	200,000	206,738	0	206,738
Library Facilities	45,000	45,000	51,474	0	51,474
Recreation Facilities	192,857	192,857	194,479	0	194,479
Construction and Improvement of Roads	385,713	385,713	379,580	0	379,580
Total	$ 1,402,142	$ 1,402,142	$ 1,391,007	$ 75,785	$ 1,466,792
2015 Referendum					
Roads, Street, and Bridges	$ 423,571	$ 423,571	$ 45,176	$ 37,284	$ 82,460
Public Safety and Fire	392,857	392,857	86,417	88,945	175,362
Water and Sewer	385,715	385,715	0	70,406	70,406
Recreation	192,857	192,857	20,311	10,975	31,286
Library	45,000	45,000	0	0	0
Total	$ 1,440,000	$ 1,440,000	$ 151,904	$ 207,610	$ 359,514