CITY OF MANCHESTER, GEORGIA

FINANCIAL STATEMENTS

Year Ended June 30, 2020

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AJK, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Manchester, Georgia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

Because of the inadequacies in the City's accounting records, we were unable to form an opinion regarding the amount of revenue (stated as $3,175,462 of the General Fund and $2,309,140 of the Proprietary Funds) in the accompanying Statement of Revenues, Expenditures, and Change in Fund Balance and Statement of revenues, Expenditures, and Changes on Net Position.

Qualified Opinions

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, Georgia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the schedule of changes in the net pension liability and related ratios, and the schedule of contributions information on pages 36 and 37 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.

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

Other Information

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

The combining, comparative, budgetary comparison, and individual fund financial statements and schedules, and other supplemental information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the "Basis for Qualified Opinion" paragraph, the combining, comparative, budgetary comparison, and individual fund financial statements and schedules, and other supplemental information are fairly stated in all material respects in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Manchester, Georgia's basic financial statements for the year ended June 30, 2019, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented

component units, 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 Manchester, Georgia's basic financial statements as a whole. The individual fund financial statements, as of and for the year ended June 30, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 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 2019 individual fund financial statements 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 October 19, 2021, on our consideration of the City of Manchester, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Manchester, Georgia's 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 Manchester, Georgia's internal control over financial reporting and compliance.

Manchester, Georgia
October 19, 2021

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BASIC FINANCIAL STATEMENTS

CITY OF MANCHESTER, GEORGIA
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business Type Activities	Total	Manchester Development Authority	Downtown Development Authority
ASSETS					
Cash and cash equivalents	$ 1,197,300	$ 337,114	$ 1,534,414	$ 810,827	$ 61,443
Receivables (net, where applicable, of allowance for uncollectibles):					
Property tax and tax liens	21,227		21,227		
Accounts	12,327	1,285,857	1,298,184		27
Fines and forfeitures	15,258		15,258		
Intergovernmental	126,955		126,955		
Nutrition program	28,200		28,200		
Grants		240,509	240,509		
Sales tax	40,320		40,320		
Equipment tax	12,678		12,678		
Loans	216,182		216,182	401,161	
Inventory, at cost	43,448	703	44,151		
Prepaid items	23,298		23,298		
Restricted assets:					
Temporarily restricted:					
Cash	2,000,000	490,585	2,490,585		
Capital assets not being depreciated	289,733	537,065	826,798	134,433	20,400
Capital assets being depreciated, net of accumulated depreciation	4,049,224	9,432,887	13,482,111	1,012,639	
Total assets	8,076,150	12,324,720	20,400,870	2,359,060	81,870
DEFERRED OUTFLOWS OF RESOURCES					
Pension:					
Differences between expected and actual experience	30,224	5,882	36,106		
Changes of assumptions	26,372	5,132	31,504		
Contributions after measurement date	128,275	24,962	153,237		
Total deferred outflows of resources	184,871	35,976	220,847	-	-

(Continued...)

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF NET POSITION
June 30, 2020
(Continued)

	Primary Government			Component Units	
	Governmental Activities	Business Type Activities	Total	Manchester Development Authority	Downtown Development Authority
LIABILITIES					
Accounts payable and other current liabilities	276,249	541,891	818,140	1,320	50
Accrued payroll	55,186		55,186		
Accrued interest on bonds	1,563	60,814	62,377		
Customer deposits		81,603	81,603		
Customer overpayments		3,843	3,843		
Unearned revenue		594,500	594,500		500
Long-term debt:					
Due within one year	123,678	480,000	603,678	17,339	
Due in more than one year	51,862	8,349,147	8,401,009	329,108	
Other long-term obligations:					
Due within one year	114,446	15,342	129,788		
Due in more than one year	61,625	8,261	69,886		
Net pension liability	837,712	163,020	1,000,732		
Total liabilities	1,522,321	10,298,421	11,820,742	347,767	550
DEFERRED INFLOWS OF RESOURCES					
Pension:					
Differences between expected and actual experience	45,332	8,822	54,154		
Net difference between projected and actual earnings on plan investments	23,634	4,599	28,233		
Total deferred inflows of resources	68,966	13,421	82,387	-	-
NET POSITION					
Net investment in capital assets	4,163,417	5,230,623	9,394,040	1,147,072	
Restricted for:					
Construction		125,555	125,555		
Economic development activities	231,812		231,812		
Capital projects	353,955		353,955		
Debt service			-	380,392	
Unrestricted	1,920,550	(3,307,324)	(1,386,774)	483,829	81,320
Total net position	$ 6,669,734	$ 2,048,854	$ 8,718,588	$ 2,011,293	$ 81,320

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services, Fees, Fines, and Forfeitures	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Manchester Development Authority	Component Units: Downtown Development Authority
Primary government:									
Governmental activities:									
General government	$ 836,988	$ 323,069	$ 220,830		$ (293,089)		$ (293,089)		
Public safety	1,726,940	89,590	8,684		(1,628,666)		(1,628,666)		
Health and welfare	157,383	9,686	105,015		(42,682)		(42,682)		
Culture and recreation	459,585	23,672	150,000		(285,913)		(285,913)		
Highways and streets	605,626		72,761	$ 130,759	(402,106)		(402,106)		
Community development	9,971				(9,971)		(9,971)		
Interest on long-term debt	18,638				(18,638)		(18,638)		
Total governmental activities	3,815,131	446,017	557,290	130,759	(2,681,065)		(2,681,065)		
Business-type activities:									
Water and sewerage	4,658,210	1,888,192	240,509			$ (2,529,509)	(2,529,509)		
Solid Waste	266,769	420,948				154,179	154,179		
Total business-type activities	4,924,979	2,309,140	240,509	-		(2,375,330)	(2,375,330)		
Total primary government	$ 8,740,110	$ 2,755,157	$ 797,799	$ 130,759	(2,681,065)	(2,375,330)	(5,056,395)		
Component units:									
Manchester Development Authority	$ 196,216	$ 162,500						$ (33,716)	
Downtown Development Authority	9,439	1,373							$ (8,066)
Total component units	$ 205,655	$ 163,873	$ -	$ -				(33,716)	(8,066)
General revenues:									
Taxes:									
Property taxes					1,051,151		1,051,151		
Sales tax					429,027		429,027		
Franchise tax					240,476		240,476		
Insurance premium tax					324,486		324,486		
Motor vehicle and mobile home tax					86,545		86,545		
Alcoholic beverage tax					64,091		64,091		
Other					27,343		27,343		
Investment earnings					48,911	3,559	52,470	20,388	67
Transfers					36,327	(36,327)	-		
Total general revenues and transfers					2,308,357	(32,768)	2,275,589	20,388	67
Change in net position					(372,708)	(2,408,098)	(2,780,806)	(13,328)	(7,999)
Net position, beginning of year					7,042,442	4,456,952	11,499,394	2,024,621	89,319
Net position, end of year					$ 6,669,734	$ 2,048,854	$ 8,718,588	$ 2,011,293	$ 81,320

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

CITY OF MANCHESTER, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	Major Governmental Fund Types		Nonmajor Governmental Fund Types	
	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 959,328	$ 222,342	$ 15,630	$ 1,197,300
Restricted cash	2,000,000			2,000,000
Receivables (net, where applicable, of allowances for uncollectibles):				
Accounts	12,327			12,327
Property taxes and tax liens	21,227			21,227
Fines and forfeitures	15,258			15,258
Intergovernmental		126,955		126,955
Nutrition program	28,200			28,200
Sales tax	40,320			40,320
Equipment tax	12,678			12,678
Loans			216,182	216,182
Due from other funds		6,493		6,493
Inventory, at cost	43,448			43,448
Prepaid items	23,298			23,298
Total assets	$ 3,156,084	$ 355,790	$ 231,812	$ 3,743,686
LIABILITIES				
Accounts payable	$ 274,414	$ 1,835		$ 276,249
Accrued payroll	55,186			55,186
Due to other funds	6,493			6,493
Total liabilities	336,093	1,835	$ -	337,928
FUND BALANCES				
Fund balances:				
Nonspendable for:				
Inventory	43,448			43,448
Prepaids	23,298			23,298
Restricted for:				
Economic development activities			231,812	231,812
Capital projects		353,955		353,955
Committed:				
Special incentives	11,971			11,971
Unassigned	2,741,274			2,741,274
Total fund balances	2,819,991	353,955	231,812	3,405,758
Total liabilities and fund balances	$ 3,156,084	$ 355,790	$ 231,812	$ 3,743,686

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

CITY OF MANCHESTER, GEORGIA
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION
June 30, 2020

Fund balances - Total governmental funds		$ 3,405,758
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds:		
Add - Capital assets		9,507,220
Deduct - Accumulated depreciation		(5,168,263)
The deferred outflows below are not current assets or financial resources and the deferred inflows are not due and payable in the current period and therefore are not reported in the governmental funds. Balances at June 30, 2020 are:		
Deferred outflows		184,871
Deferred inflows		(68,966)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position. Balances at June 30, 2020 are:		
Accrued interest payable on bonds		(1,563)
Bonds payable	$ (75,000)	
Capital leases	(100,540)	
Compensated absences	(176,071)	
Net pension liability	(837,712)	(1,189,323)
Net position of governmental activities		$ 6,669,734

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	Major Governmental Fund Types		Nonmajor Governmental Fund Types	
	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	$ 965,876		$ 85,275	$ 1,051,151
Sales	428,209		818	429,027
Franchise	240,476			240,476
Insurance premium	324,486			324,486
Motor vehicle and mobile home	86,545			86,545
Alcoholic beverage	64,091			64,091
Other	17,372		9,971	27,343
Intergovernmental		$ 126,955		126,955
Licenses and permits	64,491			64,491
Grants and subsidies	334,601			334,601
Charges for services	25,172			25,172
Fines and forfeitures	89,590			89,590
Interest revenue	45,100	3,804	3,811	52,715
Other revenue	489,453			489,453
Total revenues	3,175,462	130,759	99,875	3,406,096
Expenditures:				
Current:				
General government	813,828			813,828
Public safety	1,677,355			1,677,355
Health and welfare	154,548			154,548
Culture and recreation	368,400			368,400
Highway and streets	504,093		818	504,911
Community development			9,971	9,971
Debt service:				
Principal retirement	51,033		75,000	126,033
Interest and fees	9,799		10,275	20,074
Capital outlay:				
Public safety		5,479		5,479
Highway and streets		11,185		11,185
Culture and recreation	19,712			19,712
Total expenditures	3,598,768	16,664	96,064	3,711,496
Excess of revenues over (under) expenditures	(423,306)	114,095	3,811	(305,400)
Other financing sources (uses):				
Transfers in	2,604,651		85,275	2,689,926
Transfers out	(2,568,324)		(85,275)	(2,653,599)
Total other financing sources (uses)	36,327	-	-	36,327
Net change in fund balances	(386,979)	114,095	3,811	(269,073)
Fund balances, beginning of year	3,206,970	239,860	228,001	3,674,831
Fund balances, end of year	$ 2,819,991	$ 353,955	$ 231,812	$ 3,405,758

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

CITY OF MANCHESTER, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Net change in fund balances - Total governmental funds	$ (269,073)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense ($290,606) exceeded capital outlay ($19,712) in the current period.	(270,894)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is represented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This amount consists of the change in the following balances:	
Compensated absences	(7,223)
Accrued interest payable	1,435
Pension expense	47,012
Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term debt in the statement of net position. Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position:	
Principal retirements	126,033
Change in net position of governmental activities	$ (372,710)

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020

	Original and Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Property	$ 1,018,100	$ 965,876	$ (52,224)
Sales	415,000	428,209	13,209
Franchise	246,700	240,476	(6,224)
Insurance premium	327,000	324,486	(2,514)
Motor vehicle and mobile home	133,200	86,545	(46,655)
Alcoholic beverage	70,000	64,091	(5,909)
Other	16,600	17,372	772
Licenses and permits	135,400	64,491	(70,909)
Grants and subsidies	329,261	334,601	5,340
Charges for services	52,540	25,172	(27,368)
Fines and forfeitures	145,545	89,590	(55,955)
Interest revenue	21,335	45,100	23,765
Other revenue	963,957	489,453	(474,504)
Total revenues	3,874,638	3,175,462	(699,176)
Expenditures:			
General government:			
Elected officials	56,254	37,057	19,197
City manager	112,911	110,759	2,152
Finance director	72,932	37,854	35,078
General administration	642,383	628,158	14,225
Total general government	884,480	813,828	70,652
Public safety:			
Police	1,251,605	1,186,195	65,410
Fire	506,819	491,160	15,659
Total public safety	1,758,424	1,677,355	81,069
Highway and streets:			
Streets	529,118	504,093	25,025
Total highway and streets	529,118	504,093	25,025
Health and welfare:			
Senior center	159,363	153,959	5,404
Animal control		589	(589)
Total health and welfare	159,363	154,548	4,815
Culture and recreation:			
Recreation	408,178	313,400	94,778
Library	55,000	55,000	-
Total culture and recreation	463,178	368,400	94,778

Continued...

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(Continued)

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Debt service:			
Principal retirement	51,033	51,033	-
Interest	4,042	9,799	(5,757)
Total debt service	55,075	60,832	(5,757)
Capital outlay:			
Culture and recreation	25,000	19,712	5,288
Total capital outlay	25,000	19,712	5,288
Total expenditures	3,874,638	3,598,768	275,870
Excess (deficiency) of revenues over (under) expenditures	-	(423,306)	(423,306)
Other financing sources (uses):			
Transfers in		2,604,651	2,604,651
Transfers out		(2,568,324)	(2,568,324)
Total other financing sources (uses)	-	36,327	36,327
Net change in fund balances	-	(386,979)	(386,979)
Fund balances, beginning of year		3,206,970	3,206,970
Fund balances, end of year	$ -	$ 2,819,991	$ 2,819,991

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Business-Type Activities Major Fund Types		
	Water and Sewerage	Solid Waste	Total
ASSETS			
Current assets:			
Cash	$ 337,114		$ 337,114
Receivables (net, where applicable, of allowance for uncollectibles):			
Accounts	279,424	$ 61,081	340,505
Grants	240,509		240,509
Due from other governmental entity	945,352		945,352
Inventories	703		703
Total unrestricted current assets	1,803,102	61,081	1,864,183
Restricted cash	490,585		490,585
Total restricted cash	490,585	-	490,585
Total current assets	2,293,687	61,081	2,354,768
Noncurrent assets:			
Capital assets not being depreciated :			
Land and land improvements	537,065	-	537,065
Capital assets being depreciated:			
Buildings and systems	9,883,369		9,883,369
Improvements other than buildings	8,189,914		8,189,914
Machinery and equipment	935,089	21,060	956,149
Less, accumulated depreciation	(9,575,485)	(21,060)	(9,596,545)
Total capital assets being depreciated, net of accumulated depreciation	9,432,887	-	9,432,887
Total noncurrent assets	9,969,952	-	9,969,952
Total assets	12,263,639	61,081	12,324,720
DEFERRED OUTFLOWS OF RESOURCES			
Pension:			
Differences between expected and actual experience	5,882		5,882
Changes of assumptions	5,132		5,132
Contributions after measurement date	24,962		24,962
Total deferred outflows of resources	35,976	-	35,976

(Continued...)

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020
(Continued)

	Business-Type Activities Major Fund Types		
	Water and Sewerage	Solid Waste	Total
LIABILITIES			
Current liabilities:			
Accounts payable	541,891		541,891
Customer deposits	81,603		81,603
Customer overpayments	3,843		3,843
Accrued compensated absences	15,342		15,342
Unearned revenue	24,600		24,600
Current liabilities payable from restricted assets:			
Accrued interest	60,814		60,814
Revenue bonds, current portion	480,000		480,000
Total current liabilities	1,208,093	-	1,208,093
Noncurrent liabilities:			
Compensated absences	8,261		8,261
Unearned revenues	569,900		569,900
Notes payable	2,852,692		2,852,692
Revenue bonds payable	5,496,455		5,496,455
Net pension liability	163,020		163,020
Total noncurrent liabilities	9,090,328	-	9,090,328
Total liabilities	10,298,421	-	10,298,421
DEFERRED INFLOWS OF RESOURCES			
Pension:			
Differences between expected and actual experience	8,822		8,822
Net difference between projected and actual earnings on plan investments	4,599		4,599
Total deferred inflows of resources	13,421	-	13,421
NET POSITION			
Net investment in capital assets	5,230,623		5,230,623
Restricted for construction	125,555		125,555
Unrestricted	(3,368,405)	61,081	(3,307,324)
Total net position	$ 1,987,773	$ 61,081	$ 2,048,854

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-Type Activities Major Fund Types		
	Water and Sewerage	Solid Waste	Total
Operating revenues:			
Charges for services:			
Sales	$ 1,799,388	$ 420,948	$ 2,220,336
Other fees	88,804		88,804
Total operating revenues	1,888,192	420,948	2,309,140
Operating expenses:			
Salaries and wages	338,546		338,546
Payroll taxes and employee benefits	142,073		142,073
Utilities	199,885		199,885
Repairs and maintenance	2,585,658		2,585,658
Materials, supplies, and chemicals	134,699		134,699
Office supplies and postage	2,912		2,912
Engineering and other professional services	47,663		47,663
Depreciation and amortization	381,593		381,593
Administrative charges	220,353	36,726	257,079
Sanitation expense		230,043	230,043
Miscellaneous	403,843		403,843
Total operating expenses	4,457,225	266,769	4,723,994
Operating income (loss)	(2,569,033)	154,179	(2,414,854)
Nonoperating revenues (expenses):			
Grant income	240,509		240,509
Interest income	3,559		3,559
Interest expenses	(200,985)		(200,985)
Total nonoperating revenues (expenses)	43,083	-	43,083
Income (loss) before special item and transfers	(2,525,950)	154,179	(2,371,771)
Transfers in	2,131,394	351,655	2,483,049
Transfers out	(2,017,383)	(501,993)	(2,519,376)
Changes in net position	(2,411,939)	3,841	(2,408,098)
Net position, beginning of year	4,399,712	57,240	4,456,952
Net position, end of year	$ 1,987,773	$ 61,081	$ 2,048,854

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-Type Activities Major Fund Types		
	Water and Sewerage	Solid Waste	Total
Cash flows from operating activities:			
Receipts from customers	$ 917,219	$ 417,107	$ 1,334,326
Receipts from (refund of) customer overpayments	(4,012)		(4,012)
Receipts from (refund of) customer deposits	4,452		4,452
Payments to employees	(466,564)		(466,564)
Payments to vendors	(2,866,618)	(230,043)	(3,096,661)
Payments to other funds for services provided	(220,353)	(36,726)	(257,079)
Net cash provided (used) by operating activities	(2,635,876)	150,338	(2,485,538)
Cash flows from noncapital financing activities:			
Transfers in	2,131,394	351,655	2,483,049
Transfers out	(2,017,383)	(501,993)	(2,519,376)
Debt proceeds	2,852,692		2,852,692
Principal paid on noncapital debt	(97,290)		(97,290)
Interest paid on noncapital debt	(32,401)		(32,401)
Net cash provided (used) by noncapital financial activities	2,837,012	(150,338)	2,686,674
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(372,710)		(372,710)
Interest paid on capital debt	(124,126)		(124,126)
Net cash provided (used) by capital and related financing activities	(496,836)	-	(496,836)
Cash flows from investing activities:			
Interest income	3,559		3,559
Net cash provided (used) by investing activities	3,559	-	3,559
Net increase (decrease) in cash	(292,141)	-	(292,141)
Cash, beginning of year	1,119,840		1,119,840
Cash, end of year	$ 827,699	$ -	$ 827,699
Reported on statement of net position:			
Cash	$ 337,114		$ 337,114
Restricted cash	490,585		490,585
Total cash per statement of net position	$ 827,699	$ -	$ 827,699
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ (2,569,033)	$ 154,179	$ (2,414,854)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	381,593		381,593
(Increase) decrease in:			
Accounts receivable	(945,773)	(3,841)	(949,614)
Increase (decrease) in:			
Accounts payable	505,633		505,633
Customer deposits	4,452		4,452
Customer overpayments	(4,012)		(4,012)
Accrued compensated absences	7,543		7,543
Unearned revenue	(25,200)		(25,200)
Net pension liability	8,921		8,921
Net cash provided (used) by operating activities	$ (2,635,876)	$ 150,338	$ (2,485,538)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Manchester, Georgia (the "City") was incorporated on August 16, 1909, under the provisions of the State of Georgia. The City operates under an elected Mayor-Council form of government and provides the following services: public safety (police and fire), highway and street, sanitation, health and welfare services, culture and recreation, public utilities, code enforcement, community development, and general administrative services.

The accounting policies of the City of Manchester, Georgia conform to generally accepted accounting principles applicable to governments. The following is a summary of the City's more significant accounting policies used in the preparation of the accompanying financial statements.

A. The Reporting Entity

The City of Manchester, Georgia is a municipal corporation governed by an elected Mayor and four member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

- **Blended Component Units** - The Manchester Public Utilities Authority (the "PUA") serves all the citizens of the City and is governed by a board comprised of the City's elected council. The rates for any user charges and bond issuance authorizations are approved by the City's council and the legal liability for the general obligation portion of any PUA's debt remains with the City. The PUA is combined with the Water and Sewerage Fund in these financial statements and does not issue separate financial statements.

- **Discretely Presented Component Units** - The Manchester Development Authority (the "Authority") was created to attract new industry and promote existing industry in the City. The board members of the Manchester Development Authority are appointed by the Mayor and City Council of the City. The Authority's bonded debt must be approved by the City Council and the City provides significant financial support to the Authority. The Manchester Development Authority is presented as a governmental fund type. Complete financial statements can be obtained from the Manchester Development Authority, P.O. Box 583, Manchester, Georgia 31816.

  The Downtown Development Authority of the City of Manchester, Georgia (the "DDA") was created to revitalize and redevelop the central business district of the City. The DDA's board members are appointed by the Mayor and City Council of the City. The City possesses the authority to review, approve, and revise the budget and governs collection and disbursement of funds. The DDA is presented as a governmental fund type. Fund financial statements for the DDA are included in supplemental information.

- **Related Organization** - The City Council is responsible for appointing the members of the Manchester Housing Authority board, but the City's accountability for this organization does not extend beyond making the appointments.

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column on the governmental and proprietary fund financial statements.

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

The government-wide and proprietary fund 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.

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, including property taxes, are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, grants from other governments, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The ***General Fund*** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- The ***SPLOST Fund*** is established as a capital project fund to account for the City's portion of SPLOST funds received from the County for the purpose of improvement or acquisition of assets and infrastructure.

The City reports the following major proprietary funds:

- The ***Water and Sewerage Fund*** accounts for the activities of the government's water and sewerage activities.

- The ***Solid Waste Fund*** accounts for the activities of the government's waste disposal activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

The City's net position are reported in three parts - 1) net investment in capital assets; 2) restricted net position; and 3) unrestricted net position. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

The City prepares and adopts its budget and complies with the auditing requirements for local governments so as to provide local taxpayers with an opportunity to gain information concerning the purposes for which local revenues are proposed to be spent and are actually spent and to assist local governments in generally improving local financial management practices while maintaining, preserving, and encouraging the principle of home rule over local matters. The procedures are as follows:

1. On or about May 1 of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. The budget is legally enacted through passage of a resolution. The General Fund, the Special Revenue Funds, and the Debt Service Fund have legally adopted budgets that are prepared by fund, function, and department. Any revisions that alter the total expenditures of any fund or any transfers between departments must be approved by the City Council. All appropriations lapse at year end. The legal level of control (level at which expenditures may not legally exceed the budget) is exercised by the City Council at the department level.

4. The budgets for the General Fund, Special Revenue Funds, and Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles.

The capital project fund representing the Special Purpose Local Option Sales Tax adopts its budget on a project-length basis instead of an annual basis.

The budget amounts shown in these financial statements include any amendments approved by the City Council during the year. The Council made no amendments during the year.

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and non-negotiable certificates of deposits regardless of original maturity.

The statutes of the State of Georgia authorize the City to invest in U.S. government obligations; U.S. governmental agency obligation; State of Georgia obligations; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "A" or better by Moody's Investors Service Inc.; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association; repurchase agreements when collateralized by U.S. government or agency obligations; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments for the City, as well as for its component units, are reported at fair value. Neither the City, nor its component units, have any investments.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

G. Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are normally levied on October 20, and are due and payable on December 20. All unpaid taxes levied October 20 become delinquent December 21 of that year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

H. Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method and consists of expendable supplies. The City uses the consumption method to record inventory, which means that inventory acquisitions are recorded in inventory accounts when purchased and charged as expenditures or expenses when used.

I. Prepaid Items

The City uses the consumption method to record prepaid items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements when paid and charged to expenditures or expenses when used.

J. Restricted Cash

The City has restricted certain cash in the General Fund for collateral on an interim construction loan and in the Proprietary Funds for debt service and construction.

K. 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. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation plus any ancillary charges incurred to put the asset into service. Infrastructure assets acquired subsequent to July 1, 1980 are reported at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component unit is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20-40
Improvements	20-30
Public domain infrastructure	40
System infrastructure	20-50
Machinery and equipment	5-20

L. 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 and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The changes in assumptions, the differences between expected and actual experience, and the contributions made to the pension plan after the measurement date qualify for reporting in this category.

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 and so will *not* be recognized as an inflow of resources (revenue) until that time. The net difference between projected and actual earnings on pension plan investments, and the differences between expected and actual experience qualify for reporting in this category.

M. Pensions

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

N. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

O. 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. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Fund Equity

Beginning with the year ended June 30, 2011, the City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength to the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance** - Amounts that are not in a spendable form (such as inventory or prepaid items) or are required to be maintained intact;
- **Restricted Fund Balance** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- **Committed Fund Balance** - Amounts constrained to specific purposes by the City Council through an ordinance;
- **Assigned Fund Balance** - Amounts are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City manager based on the City Council direction;
- **Unassigned Fund Balance** - Amounts that are available for any purpose; positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. It is the City's policy to use restricted fund balances first, followed by committed, assigned, and then unassigned amounts, respectively.

Q. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

R. Allocation of Administrative Expenses

The City does not allocate indirect costs. It is the City's policy to allocate to the proprietary funds overhead administrative expenses that are paid by and expended in the General Fund. This allocation is to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, etc.). These expenses allocated to the proprietary funds are presented in these financial statements as "administrative charges" on the proprietary funds financial statement and are included in "other revenue" on the General Fund financial statements.

S. Use of Estimates to Prepare Financial Statements

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

T. Subsequent Events

Subsequent events have been evaluated by management through October 19, 2021, which is the date the financial statements were available to be issued.

U. Recently Issued Accounting Principles

The "Governmental Accounting Standards Board" (GASB) has approved the following GASB Statement that has been adopted by the City for the year ended June 30, 2019.

GASB Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements" primarily changes the way governments disclose information regarding debt. The objective of this Statement is to improve debt disclosures by requiring certain additional essential information to be presented in the notes. Additionally, this Statement requires existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The effective date of this GASB was as of the beginning of the fiscal year (July 1, 2018). According to the GASB, the requirements of this Statement should improve financial reporting by providing financial statement users with better information to understand effects of debt on the government's future resource flows as well as other essential information that currently is not consistently provided. This Statement has no effect on the net position of the financial statements.

2. DEPOSITS AND INVESTMENTS

At year end, the City had $1,384 in petty cash, $222,342 in short-term investments (cash equivalents), and the carrying amount of the City's deposits (checking, savings, and certificates of deposit) was $3,801,273. The short-term investments were invested 100% in a U.S. Treasury portfolio. For the City's deposits, the bank balance was $3,773,076 of which $515,630 was covered by federal depository insurance and $3,257,446 was collateralized through a multiple financial institution collateral pool. The City does not have a deposit policy for custodial credit risk.

At year end, the Manchester Development Authority, a discretely presented component unit, did not have any investments and the carrying amount of the Authority's deposits (checking and savings accounts) was $810,827 and the bank balance was $815,811. Of the bank balance, $410,216 was covered by federal depository insurance, and $405,595 was collateralized through a multiple financial institution collateral pool.

At year end, the Downtown Development Authority, the other discretely presented component unit, did not have any investments and the carrying amount of the DDA deposits (checking and savings accounts) was $61,443 and the bank balance was $61,443. Of the bank balance, $61,443 was covered by federal depository insurance.

Neither of the discretely presented component units have a deposit policy for custodial credit risk.

3. LOANS RECEIVABLE

Primary government

Approximately $31,804 of the outstanding balance of $216,182 of loans receivable are not anticipated to be collected within one year.

Component units

Approximately $377,956 of the outstanding balance of $401,161 of Manchester Development Authority's loans receivable are not anticipated to be collected within one year.

4. CAPITAL ASSETS

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

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 289,733			$ 289,733
Total capital assets, not being depreciated	289,733	$ -	$ -	289,733
Capital assets, being depreciated:				
Land improvements	175,700			175,700
Buildings and improvements	3,839,670			3,839,670
Machinery and equipment	2,104,952	19,712		2,124,664
Infrastructure	3,077,453			3,077,453
Total capital assets being depreciated	9,197,775	19,712		9,217,487
Less, accumulated depreciation for:				
Land improvements	(7,746)	(6,681)		(14,427)
Buildings	(2,363,434)	(75,488)		(2,438,922)
Machinery and equipment	(1,511,939)	(131,501)		(1,643,440)
Infrastructure	(994,538)	(76,936)		(1,071,474)
Total accumulated depreciation	(4,877,657)	(290,606)		(5,168,263)
Total capital assets, being depreciated, net	4,320,118	(270,894)	-	4,049,224
Governmental activities capital assets, net	$ 4,609,851	$(270,894)	$ -	$ 4,338,957
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 537,065			$ 537,065
Total capital assets, not being depreciated	537,065	$ -	$ -	537,065
Capital assets, being depreciated:				
Buildings	9,883,369			9,883,369
Improvements other than buildings	8,189,914			8,189,914
Machinery and equipment	956,149			956,149
Total capital assets being depreciated	19,029,432			19,029,432
Less, accumulated depreciation for:				
Buildings	(4,680,304)	(200,848)		(4,881,152)
Improvements other than buildings	(3,703,698)	(158,397)		(3,862,095)
Machinery and equipment	(830,950)	(22,348)		(853,298)
Total accumulated depreciation	(9,214,952)	(381,593)		(9,596,545)
Total capital assets, being depreciated, net	9,814,480	(381,593)		9,432,887
Business-type activities capital assets, net	$ 10,351,545	$(381,593)	$ -	$ 9,969,952

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

Governmental activities:	
General government	$ 13,745
Public safety	101,359
Highways and streets, including depreciation of general infrastructure assets	93,914
Health and welfare	485
Culture and recreation	81,103
Total depreciation expense - Governmental activities	$ 290,606
Business-type activities:	
Water and sewerage	$ 381,593
Total depreciation expense - Business-type activities	$ 381,593

Component Units

Activity for the Manchester Development Authority for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 134,433			$ 134,433
Total capital assets not being depreciated	134,433	$ -	$ -	134,433
Capital assets being depreciated:				
Infrastructure	287,076			287,076
Buildings and improvements	2,087,631			2,087,631
Furniture and equipment	35,573			35,573
Total capital assets being depreciated	2,410,280	-	-	2,410,280
Less, accumulated depreciation for:				
Infrastructure	(252,332)	(5,076)		(257,408)
Building and improvements	(1,050,145)	(54,515)		(1,104,660)
Furniture and equipment	(35,573)	( )		(35,573)
Total accumulated depreciation	(1,338,050)	(59,591)	-	(1,397,641)
Total capital assets being depreciated, net	1,072,230	(59,591)	-	1,012,639
Development Authority capital assets, net	$ 1,206,663	$(59,591)	$ -	$ 1,147,072

Depreciation expense for the Authority was charged to functions as follows:

Business promotion and tourism	$ 59,591

Activity for the Downtown Development Authority for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 20,400			$ 20,400
Total capital assets not being depreciated	$ 20,400	$ -	$ -	$ 20,400

5. UNEARNED REVENUE

On August 4, 1992, the City entered into a joint services contract with Talbot County, Georgia regarding the City's water treatment facility. The contract entitles Talbot county to 29% of the City's total water treatment plant capacity, 29% of the total reservoir capacity, and 29% of total water line capacity for the sum of $1,230,000. This amount was received by the City during the year ended June 30, 1995, and has been recorded as unearned revenue, to be recognized into income over the life of the contract, which is 50 years. The balance of unearned revenue at June 30, 2020 was $594,500 and is shown as unearned revenue in the business-type activities, Water and Sewerage Fund, in these financial statements as current liability ($24,600) and noncurrent liabilities ($569,900).

6. LONG-TERM DEBT

A. General Obligation Bonds

Primary Government

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities and are paid from the Debt Service Fund. The original amount of general obligations bonds issued in prior years was $1,400,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds. Direct placement general obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount
Governmental activities	4.8 - 5%	$ 75,000

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

	Governmental Activities	
	Principal	Interest
Year ending June 30:		
2021	$ 75,000	$ 3,750
	$ 75,000	$ 3,750

B. Revenue Bonds

Primary Government

The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The business-type activities currently have direct placement revenue bonds outstanding to be paid from the net revenue of the Water and Sewerage Fund. The amount of the pledge is equal to the remaining outstanding debt service requirements for the bonds, which were originally issued in the amount of $9,460,000 for construction of the water system. The pledge continues for the life of the bonds.

Direct placement revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Water & Sewer	Variable, 2.0% to 2.75%	$ 6,000,000

Revenue bond debt service requirements to maturity are as follows:

	Business-Type Activities	
	Principal	Interest
Year ending June 30:		
2021	$ 480,000	$ 145,953
2022	445,000	133,952
2023	460,000	125,052
2024	465,000	115,393
2025	475,000	105,163
2026-2030	2,560,000	351,045
2031-2032	1,115,000	45,925
	$ 6,000,000	$ 1,022,483

The Water and Sewerage Revenue Bonds require the debt service coverage ratio to be at least 1.10 times the debt service requirement in the current sinking fund year. The debt service coverage ratio calculation for the year ended June 30, 2020 is as follows:

Operating revenues	$ 1,888,192
Operating expenses*	(1,222,940)
Nonoperating revenues (expenses)**	244,068
Income available for debt service	$ 909,320
Debt service, principal and interest paid (Revenue bond only)	$ 626,528
Debt service coverage ratio	1.45

*This does not include depreciation expense of $381,593. This has also been reduced by $2,852,692 expenses paid by loan proceeds.
**Per rate covenant, this does not include revenue bond interest paid of $200,985

C. Notes Payable

Primary Government

Governmental Activities

The City entered into a direct borrowing note payable with the U.S. Department of Agriculture (USDA) for financing the purchase of communications equipment for public safety. The original amount of the loan was $25,000. This note payable was being repaid through the General Fund and was paid off as of June 30, 2020.

Business-Type Activities

On October 31, 2019, the City obtained a direct borrowing interim construction loan from a local bank for the rehabilitation of the water treatment plant. The loan is for $4,446,000 and will be drawn monthly as construction work is completed. As of June 30, 2020, the City had drawn down $2,852,692 on the loan. The loan is secured by a $2,000,000 certificate of deposit which at June 30, 2020 is presented as restricted cash in the City's General Fund. Payment of the interim construction loan will be provided through a United States Department of Agriculture grant/loan program in the amount of $4,035,000 with the remaining balance being paid by the City. Of the USDA commitment, $1,514,000 will be grant proceeds and $2,521,000 will be loan proceeds. The outstanding balance plus accrued interest for the interim construction loan is due October 31, 2021.

Notes payable are direct obligations of the City and pledge the full faith and credit of the City. Notes payable currently outstanding are as follows:

Purpose	Interest Rate	Amount
Rehabilitation of water treatment plant	3.90%	$ 2,852,692

Component Unit

The Authority has issued a direct borrowing note payable to assist with machinery and equipment cost of a business in the industrial park. The original amount of the note payable issued is $500,000 and will be repaid through the Debt Service Fund. This note payable is secured by a $500,000 promissory note given by the business to the Authority. The note is due in quarterly payments of $8,335, including interest at 3%. The balance at June 30, 2020 was $346,447.

Notes payable are direct obligations of the component unit and pledge the full faith and credit of the component unit. Direct borrowing notes payable currently outstanding are as follows:

Purpose	Interest Rates	Amounts
Assists with cost of machinery and equipment for business in industrial park	3%	$ 346,447

Note payable debt service requirements to maturity are as follows:

Year ending June 30:	Principal	Interest
2021	$ 17,339	$ 8,176
2022	23,731	9,608
2023	24,451	8,888
2024	25,193	8,146
2025	25,957	7,382
2026-2030	142,090	24,607
2031-2033	87,686	3,994
	$ 346,447	$ 70,801

D. Capital Leases

Primary Government

The General Fund has entered into lease agreements for the purchase of police vehicles. These leases are being repaid from General Fund revenues. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded as capital assets at the present value of their future minimum lease payments as of the inception date. The expense resulting from amortization of assets recorded under capital leases is included in depreciation expense.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and equipment	$ 203,734
Less, accumulated depreciation	(47,538)
Total	$ 156,196

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

	Governmental Activities
Year ending June 30:	
2021	$ 55,255
2022	55,255
Total minimum lease payments	110,510
Less, amount representing interest	(9,970)
Present value of minimum lease payments	$ 100,540

E. Changes in Long-Term Debt

Primary Government

Long-term debt activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bond payable:					
Direct placement general obligation bonds	$ 150,000		$(75,000)	$ 75,000	$ 75,000
Direct borrowing note payable	5,344		(5,344)		
Capital leases	146,229	$	(45,689)	100,540	48,678
Governmental activity long-term debt	$ 301,573	$	$(126,033)	$ 175,540	$ 123,678
Business-type activities:					
Direct borrowing note payable	$ -	$ 2,852,692	$ -	$ 2,852,692	$ -
Bonds payable:					
Direct placement revenue bonds	6,470,000		(470,000)	6,000,000	480,000
Less, unamortized discount	(28,633)		5,088	(23,545)	
Bonds payable, net	6,441,367		(464,912)	5,976,455	480,000
Business-type activities long-term debt	$6,441,367	$ 2,852,692	$(464,912)	$ 8,829,147	$ 480,000

Component Unit

Long-term debt activity for the Manchester Development Authority for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	$ 368,969	$ -	$(22,522)	$ 346,447	$ 17,339
Component unit long-term debt	$ 368,969	$ -	$(22,522)	$ 346,447	$ 17,339

7. OTHER LONG-TERM OBLIGATIONS

A. Accrued Compensated Absences

Primary Government

The government accrues compensated absences for their employees. Both governmental activities and business-type activities have accrued compensated absences at June 30, 2020. Accrued compensated absences from governmental activities are repaid through the General Fund. Business-type activities accrued compensated absences are repaid through the Water & Sewerage Fund. At June 30, 2020, the Water & Sewerage Fund was the only business-type activity that had accrued compensated absences.

B. Changes in Other Long-Term Obligations

Primary Government

Other long-term obligations activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Accrued compensated absences	$ 168,848	$ 73,697	$(66,474)	$ 176,071	$ 114,446
Business-type activities:					
Accrued compensated absences	$ 16,060	$ 23,191	$(15,648)	$ 23,603	$ 15,342

The government-wide statement of net position other long-term obligations due in more than one year for business-type activities of $578,161 includes $569,900 of unearned revenue which is not reported in the business-type activities in the schedule above.

8.DEBT LIMITATION

Generally, the Georgia Constitution limits indebtedness to 10% of the assessed value of taxable property located within a municipality. This provision also states that no new debt may be incurred without the assent of a majority of the qualified voters voting on the question of whether the City should incur the debt. The Constitution exempts from this debt limitation several categories of indebtedness, including but not limited to, temporary loans that are payable on or before December 31 of the calendar year in which they are made, and revenue bonds issued for the purpose of purchase or construction of public works.

The City's total indebtedness at June 30, 2020 was $9,004,687. Of this total, $75,000 is chargeable to the constitutional debt limit. The chargeable debt is equal to .120% of the total assessed value of real and personal property located within the City. This leaves a $6,195,297 margin available for future borrowings.

9.INTERFUND TRANSFERS AND BALANCES

Interfund transfers for the year ended June 30, 2020, consisted of the following:

	Transfer In				
	General Fund	Nonmajor Governmental	Water and Sewerage fund	Solid Waste Fund	Total
Transfer Out					
General Fund		$ 85,275	$ 2,131,394	$ 351,655	$ 2,568,324
Nonmajor Governmental Funds	$ 85,275				85,275
Water and Sewerage Fund	2,017,383				2,017,383
Solid Waste Fund	501,993				501,993
Total	$ 2,604,651	$ 85,275	$ 2,131,394	$ 351,655	$ 5,172,975

Transfers are primarily used to (1) move funds from the proprietary funds to the General Fund for the allocated amount of administrative expense, (2) move funds between all funds and the General Fund for expenses paid through the accounts payable system, and (3) to supplement operations.

Interfund balances owed between funds for the year ended June 30, 2020, consist of the following:

Due To	Due From General Fund
SPLOST Fund	$ 6,493

The balance above between the General Fund and SPLOST Fund represents the amount of expenditures paid by the SPLOST fund for ineligible SPLOST expenditures.

10. DEFINED BENEFIT PENSION PLAN

A. General Information About the Pension Plan

Plan Description – All full-time City employees and all City officials are eligible to participate in the Georgia Municipal Employees Benefit System (GMEBS) which is an agent multiple employer defined benefit pension plan administered by the Georgia Municipal Association which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by state statute and city ordinance. The Georgia Municipal Association issues a publicly available annual report that includes financial statements and required supplementary information for the Georgia Municipal Employees Benefit System Retirement Trust. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling 404/688-0472.

Benefits Provided – GMEBS provides service retirement, disability benefits, and death benefits to plan members, who must be public employees and beneficiaries. 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, and with ten years of total service are eligible to retire at age 55 with full retirement benefits.

Employees Covered – At June 30, 2020 the following employees were covered by the benefit terms for the plan:

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	28
Active employees	49
Total	127

Contributions – The City's employee's participation is noncontributory. The City is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). Policy set by the City for contributing the annual pension expense exceeds the minimum requirements. Employer contribution rates are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate.

The annual minimum contribution is the sum of (1) the normal cost (including administrative expenses); (2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees; and (3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The total recommended contribution as a percentage of expected payroll is 12.53% for June 30, 2020.

B. Net Pension Liability

The City's net pension liability for the plan is measured as the total pension liability (TPL), less the pension plan's fiduciary net position (FNP). The net pension liability of the plan is measured as of September 30, 2019, using an annual actuarial valuation as of January 1, 2020. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation Date	January 1, 2020
Measurement Date	September 30, 2019
Actuarial Cost Method	Entry age normal
Amortization Method	Closed level dollar for remaining unfunded liability.
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Discount Rate	7.375%
Inflation Rate	2.25%
Net investment rate of return	7.375%
Projected salary increase	2.25% plus service based merit increases
Cost of living adjustments	Not applicable
Postretirement benefit increase	Not applicable

The investment return and inflation assumptions used in the January 1, 2020 valuation were based on the results of an actuarial study conducted in November and December 2019. The underlying mortality assumptions and all other actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019. Further details of the experience study can be obtained by contacting The Georgia Municipal Association. The General Fund has been used in prior years to liquidate the pension liabilities for the governmental funds.

Discount Rate – The discount rate used to measure the total pension liability was 7.375%. The discount rate has decreased 0.125% since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from employers 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.41%
International equity	20%	6.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Domestic fixed income	20%	1.96%
Cash	0%	
Total	**100%**	

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the plan are as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/Asset
Balances at September 30, 2018	$ 5,326,858	$ 4,576,850	$ 750,008
Changes for the year:			
Service cost	93,674		93,674
Interest	397,229		397,229
Differences between expected and actual experience	54,160		54,160
Contributions - employer		221,482	(221,482)
Contributions - employee			-
Net investment income		136,241	(136,241)
Benefit payments, including refunds of employee contributions	(248,286)	(248,286)	-
Administrative expense		(16,127)	16,127
Other	47,257		47,257
Net changes	344,034	93,310	250,724
Balances at September 30, 2019	$ 5,670,892	$ 4,670,160	$ 1,000,732

Sensitivity of the Net Pension Liability to changes in the discount rate is as follows:

1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
$1,665,052	$1,000,732	$437,554

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the City recognized pension expense of $204,316. At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 36,106	$ 54,154
Pension contributions subsequent to measurement date	153,237	
Changes of assumptions	31,504	
Net difference between projected and actual earnings on pension plan investments		28,233
Total	$ 220,847	$ 82,387

$153,237 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2021	$ (49,819)
2022	(26,695)
2023	20,654
2024	41,083
	$ (14,777)

11. OTHER POST EMPLOYMENT BENEFITS

The City provides post retirement life insurance benefits, as per the requirements of a local ordinance for certain retirees. The policy provides $10,000 in benefits payable to a designated beneficiary upon the death of the retiree. The City will pay 100 percent of the premiums when the employee retires. The General Fund has been used in prior years to fund these obligations. This benefit is available to retirees who terminate employment for the purpose of immediate retirement and will be receiving a monthly benefit over their lifetime from the GMA Retirement Fund. This excludes vested terminations, disability retirements, and those who receive lump sum distributions.

As of year end, there were nine employees which had retired and were receiving the 100 percent premium coverage benefit. The City finances the plan on a pay-as-you-go basis. For the year ended June 30, 2020, the City paid $3,132 in premiums.

12. RISK MANAGEMENT

The City is exposed to various risks of loss for claims associated with torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the City carries commercial insurance.

There were no significant reductions of insurance coverage from coverage in the prior year. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Self Insurance - The City pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

13. COMMITMENTS AND CONTINGENT LIABILITIES

The activities of the City include revenues received from Federal and State governments and expenditures related to Federal and State funded grant programs. These programs are subject to program compliance audits by the grantors or their representative. The amount, if any, of expenditures which may be disallowed by the granting agencies' audits cannot be determined at this time, although the City believes any such amounts to be immaterial.

Various claims and lawsuits are pending against the City. Although the outcome of these lawsuits is not presently determinable, in the opinion of City management, after consultation with legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

14. INTERGOVERNMENTAL AGREEMENTS

On March 1, 2014, Meriwether County (the "County") entered into a Sales and Use Tax Intergovernmental Agreement with the various municipalities in the County, including the City of Manchester (the "City"), relating to the imposition of a one percent county special purpose local option sales and use tax (SPLOST) for the purpose of financing capital outlay projects. The County issued General Obligation Sales Tax Bonds, Series 2014 for $9,000,000 in February 2014. The cities were advanced their pro rata share of the net bond proceeds. The Bonds are secured first by the proceeds of the SPLOST received by the County, then from general funds of the County as well as the municipalities. Each city is responsible for the payment of that portion of the Bonds allocable to its projects, should the SPLOST receipts be inadequate to service the debt. The City of Manchester's share is 19.6175%. Meriwether County paid off the bonds and remitted $126,955 to the City in excess funds.

15. HOTEL-MOTEL TAX

The City of Manchester has levied a 5% hotel-motel tax. A summary of the transactions for the year ended June 30, 2020 follows:

Balance of hotel-motel tax funds on hand at beginning of year	$ 0
Hotel-motel tax receipts	9,971
Disbursements for tourism and promotion	(9,971)
Balance of hotel-motel tax funds on hand at end of year	$ 0

The activity for hotel-motel tax receipts and related expenditures is shown in the Hotel-Motel Tax Fund, a Special Revenue Fund. The expenditures were for promotion of tourism as required by OCGA 48-13-51.

16. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the ten county west Georgia area, is a member of the Three Rivers Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2020, the City paid $3,987 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 three members from each county of the area and five at-large members. 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:

Three Rivers Regional Commission
P.O. Box 818
Griffin, Georgia 30224

17. EXCESS OF EXPENDITURES OVERAPPROPRIATIONS

The General Fund reported material budget violations when expenditures of the primary government exceeded budgeted appropriations in some of the departments, as shown on page 11 and 12 of these financial statements. In future years, the City will analyze the budget periodically for deficiencies. All deficiencies will be investigated and budget amendments will be adopted when appropriate.

The following nonmajor governmental funds reported a material budget violation when expenditures of the City exceeded budgeted appropriations in some of the functions as shown below. In future years, the City will analyze the budget periodically for deficiencies. All deficiencies will be investigated and budget amendments will be adopted when appropriate.

Fund	Department	Final Budget Amount	Actual Amount	Variance with Final Budget
Debt Service Fund	Debt Service	$ 8,400	$ 10,275	$ 1,875

18. SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which have the potential to negatively impact values of the retirement plan investments and related earnings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. However, the duration and related financial impact cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Schedule of changes in the net pension liability and related ratios – Defined Benefit Pension Plan

Schedule of contributions – Defined Benefit Pension Plan

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
DEFINED BENEFIT PENSION PLAN
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	$ 93,674	$ 94,311	$ 97,516	$ 90,536	$ 100,935	$ 102,334
Interest	397,229	388,245	378,527	359,331	337,069	316,553
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	54,160	(108,306)	(99,070)	51,329	104,702	91,822
Changes of assumptions	47,257	-	79,420	-	-	5,996
Benefit payments, including refunds of employee contributions	(248,286)	(259,367)	(257,277)	(249,740)	(261,164)	(242,786)
Net change in total pension liability	344,034	114,883	199,116	251,456	281,542	273,919
Total pension liability - beginning	5,326,858	5,211,975	5,012,859	4,761,403	4,479,861	4,205,942
Total pension liability - ending	5,670,892	5,326,858	5,211,975	5,012,859	4,761,403	4,479,861
Plan fiduciary net position						
Contributions:						
Employer	221,482	223,602	211,687	198,575	189,930	189,445
Employee	-	-	-	-	-	-
Net investment income	136,241	416,183	556,323	377,224	42,053	358,291
Benefit payments, including refunds of employee contributions	(248,286)	(259,367)	(257,277)	(249,740)	(261,164)	(242,786)
Administrative expense	(16,127)	(17,291)	(18,711)	(10,888)	(12,269)	(9,966)
Other	-		-	-	-	-
Net change in plan fiduciary net position	93,310	363,127	492,022	315,171	(41,450)	294,984
Plan fiduciary net position - beginning	4,576,850	4,213,723	3,721,701	3,406,530	3,447,980	3,152,996
Plan fiduciary net position - ending	4,670,160	4,576,850	4,213,723	3,721,701	3,406,530	3,447,980
Net pension liability - ending	$ 1,000,732	$ 750,008	$ 998,252	$ 1,291,158	$ 1,354,873	$ 1,031,881
Plan fiduciary net position as a % of total pension liability	82.35%	85.92%	80.85%	74.24%	71.54%	76.97%
Covered payroll	$ 1,745,752	$ 1,603,643	$ 1,576,692	$ 1,638,604	$ 1,488,304	$ 1,427,951
Net pension liability as a % of covered payroll	57.32%	46.77%	63.31%	78.80%	91.03%	72.26%

Changes in assumptions

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments made based on an actuarial experience study covering the period January 1, 2010 to June 30, 2014.

In 2018, amounts reported as changes in assumptions resulted from adjustments to assumptions based on an actuarial study conducted in September 2017. These adjustments included a decrease in the investment return assumption from 7.75% to 7.50%, and a decrease in the inflation assumption from 3.25% to 2.75%.

In 2020, amounts reported as changes in assumptions resulted from adjustments to assumptions based on an actuarial study conducted in November and December 2019. These adjustments included a decrease in investment return assumption from 7.50% to 7.375% and a decrease in the inflation assumption from 2.75% to 2.25%.

The City implemented GASB 68 for the fiscal year ended June 30, 2015. In time this schedule will present the required ten years of data.

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF CONTRIBUTIONS
DEFINED BENEFIT PENSION PLAN
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 204,316	$ 227,204	$ 222,401	$ 208,116	$ 195,395	$ 188,108
Contributions in relation to actuarially determined contribution	$ 204,316	$ 227,204	$ 222,401	$ 208,116	$ 195,395	$ 188,108
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,900,759	$ 1,894,602	$ 1,866,511	$ 1,824,517	$ 1,866,884	$ 1,822,492
Contributions as a percentage of covered payroll	10.75%	11.99%	11.92%	11.41%	10.47%	10.32%

The City implemented GASB 68 for the fiscal year ended June 30, 2015. In time this schedule will present the required ten years of data.

SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

This fund accounts for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on long-term debt of the City (other than debt of Proprietary Fund Types).

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

CDBG Revolving Loan Fund - This fund is used to account for the community development block grants that are funding the revolving loan fund for economic development activities.

Hotel-Motel Tax Fund - This fund is used to account for the City's share of hotel-motel tax revenues that are legally restricted to promote tourism, conventions, and trade shows.

TIA Fund - This fund is used to account for the City's share of Transportation Investment Act sales tax.

CITY OF MANCHESTER, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

	Special Revenue Funds				
	Debt Service Fund	CDBG Revolving Loan Fund	Hotel-Motel	TIA	Total Nonmajor Governmental Funds
ASSETS					
Cash		$ 15,630			$ 15,630
Loans receivable		216,182			216,182
Total assets	$ -	$ 231,812	$ -	$ -	$ 231,812
FUND BALANCE					
Restricted for:					
Economic development activities		$ 231,812			$ 231,812
Total fund balances	$ -	$ 231,812	$ -	$ -	$ 231,812

CITY OF MANCHESTER, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	Special Revenue Funds				
	Debt Service Fund	CDBG Revolving Loan Fund	Hotel-Motel	TIA	Total Nonmajor Governmental Funds
Revenues:					
Taxes:					
Property	$ 85,275				$ 85,275
Sales				$ 818	818
Hotel and motel			$ 9,971		9,971
Interest revenue		$ 3,811			3,811
Total revenues	85,275	3,811	9,971	818	99,875
Expenditures:					
Current:					
Community development			9,971		9,971
Streets				818	818
Debt service:					
Principal retirement	75,000				75,000
Interest and fees	10,275				10,275
Total expenditures	85,275	-	9,971	818	96,064
Excess of revenues over (under) expenditures	-	3,811	-	-	3,811
Other financing sources (uses):					
Transfers in	85,275				85,275
Transfers out	(85,275)				(85,275)
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	-	3,811	-	-	3,811
Fund balance, beginning of year		228,001			228,001
Fund balance, end of year	$ -	$ 231,812	$ -	$ -	$ 231,812

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2020

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	$ 83,400	$ 85,275	$ 1,875
Total revenues	83,400	85,275	1,875
Expenditures:			
Debt service:			
Principal retirement	75,000	75,000	-
Interest and fees	8,400	10,275	1,875
Total expenditures	83,400	85,275	1,875
Excess of revenue over (under) expenditures	-	-	-
Other financing sources (uses):			
Transfers in		85,275	85,275
Transfers out		(85,275)	(85,275)
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balance, beginning of year			
Fund balance, end of year	$ -	$ -	$ -

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND-CDBG REVOLVING LOAN FUND
Year Ended June 30, 2020

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
2013 EIP Grant	$ 28,541		$ (28,541)
Interest revenue	100	$ 3,811	3,711
Total revenues	28,641	3,811	(24,830)
Expenditures:			
Current:			
Community development			-
Total expenditures	-	-	-
Excess of revenue over (under) expenditures	28,641	3,811	(24,830)
Net change in fund balances	28,641	3,811	(24,830)
Fund balance, beginning of year	228,001	228,001	-
Fund balance, end of year	$ 256,642	$ 231,812	$ (24,830)

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND-HOTEL/MOTEL TAX FUND
Year Ended June 30, 2020

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Hotel/motel tax	$ 10,000	$ 9,971	$ (29)
Total revenues	10,000	9,971	(29)
Expenditures:			
Current:			
Community development:			
Tourism and promotion	10,000	9,971	29
Total expenditures	10,000	9,971	29
Excess of revenue over (under) expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ -	$ -	$ -

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND-TIA FUND
Year Ended June 30, 2020

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Sales tax	$ 1,900	$ 818	$ (1,082)
Total revenues	1,900	818	(1,082)
Expenditures:			
Current:			
Highway and streets:			
Streets	1,900	818	1,082
Total expenditures	1,900	818	1,082
Excess of revenue over (under) expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ -	$ -	$ -

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash	$ -	$ -
Total assets	$ -	$ -
FUND BALANCE		
Restricted for debt service	$ -	$ -
Total fund balances	$ -	$ -

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND
Years Ended June 30, 2020 and 2019

	2020	2019
Revenues:		
Taxes:		
Property	$ 85,275	$ 81,900
Total revenues	85,275	81,900
Expenditures:		
Debt service:		
Principal retirement	75,000	70,000
Interest and fees	10,275	11,900
Total expenditures	85,275	81,900
Excess of revenue over (under) expenditures	-	-
Other financing sources (uses):		
Transfers in	85,275	81,900
Transfers out	(85,275)	(81,900)
Total other financing sources (uses)	-	-
Net change in fund balances	-	-
Fund balances, beginning of year	-	-
Fund balances, end of year	$ -	$ -

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
SPECIAL REVENUE FUND-CDBG REVOLVING LOAN FUND
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash	$ 15,630	$ 139,333
Loans receivable	216,182	88,668
Total assets	$ 231,812	$ 228,001
FUND BALANCE		
Restricted for economic development activities	$ 231,812	$ 228,001
Total fund balances	$ 231,812	$ 228,001

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUND-CDBG REVOLVING LOAN FUND
Years Ended June 30, 2020 and 2019

	2020	2019
Revenues:		
Interest revenue	$ 3,811	$ 2,977
Total revenue	3,811	2,977
Expenditures:		
Current:		
Community development		4,648
Total expenditures	-	4,648
Excess of revenue over (under) expenditures	3,811	(1,671)
Net change in fund balances	3,811	(1,671)
Fund balances, beginning of year	228,001	229,672
Fund balances, end of year	$ 231,812	$ 228,001

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
SPECIAL REVENUE FUND-HOTEL/MOTEL TAX FUND
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash	$ -	$ -
Total assets	$ -	$ -
FUND BALANCE		
Restricted for community development	$ -	$ -
Total fund balances	$ -	$ -

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUND-HOTEL/MOTEL TAX FUND
Years Ended June 30, 2020 and 2019

	2020	2019
Revenues:		
Taxes:		
Hotel and motel	$ 9,971	$ 9,296
Total revenue	9,971	9,296
Expenditures:		
Current:		
Community development	9,971	9,296
Total expenditures	9,971	9,296
Excess of revenue over (under) expenditures	-	-
Net change in fund balances	-	-
Fund balances, beginning of year	-	-
Fund balances, end of year	$ -	$ -

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
SPECIAL REVENUE FUND-TIA FUND
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash	$ -	$ -
Total assets	$ -	$ -
FUND BALANCE		
Restricted for highways and streets	$ -	$ -
Total fund balances	$ -	$ -

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUND-TIA FUND
Years Ended June 30, 2020 and 2019

	2020	2019
Revenues:		
Sales tax	$ 818	$ 1,970
Total revenue	818	1,970
Expenditures:		
Highway and streets:		
Streets	818	1,970
Total expenditures	818	1,970
Excess of revenue over (under) expenditures	-	-
Net change in fund balances	-	-
Fund balances, beginning of year	-	-
Fund balances, end of year	$ -	$ -

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

This fund accounts for resources traditionally associated with governments which are not required to be accounted for in another fund.

CAPITAL PROJECTS FUND

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

SPLOST Fund - This fund is used to account for the City's portion of SPLOST funds received from the County for the purpose of improvement or acquisition of assets and infrastructure.

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
GENERAL FUND
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash	$ 959,328	$ 3,224,882
Restricted cash	2,000,000	
Receivables (net where applicable, of allowances for uncollectibles):		
Accounts	12,327	3,485
Property taxes and tax liens	21,227	16,900
Fines and forfeitures	15,258	21,586
Nutrition program	28,200	24,225
Sales tax	40,320	73,409
Equipment tax	12,678	12,323
Due from component unit		75,000
Inventory, at cost	43,448	26,004
Prepaid items	23,298	29,097
Total assets	$ 3,156,084	$ 3,506,911
LIABILITIES		
Accounts payable	$ 274,414	$ 169,355
Accrued payroll	55,186	57,825
Unearned revenue		72,761
Due to other funds	6,493	
Total liabilities	336,093	299,941
FUND BALANCES		
Nonspendable for:		
Inventory	43,448	26,004
Prepaids	23,298	29,097
Committed:		
Special incentives	11,971	11,959
Unassigned	2,741,274	3,139,910
Total fund balances	2,819,991	3,206,970
Total liabilities and fund balances	$ 3,156,084	$ 3,506,911

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
Years Ended June 30, 2020 and 2019

	2020	2019
Revenues:		
Taxes:		
Property	$ 965,876	$ 1,005,623
Sales	428,209	424,473
Franchise	240,476	228,250
Insurance premium	324,486	305,264
Motor vehicle/mobile home	86,545	123,567
Alcoholic beverage	64,091	66,823
Other	17,372	16,362
Licenses and permits	64,491	67,278
Grants and subsidies	334,601	347,660
Charges for services	25,172	66,701
Fines and forfeitures	89,590	163,885
Interest revenue	45,100	34,142
Other revenue	489,453	447,837
Total revenues	3,175,462	3,297,865
Expenditures:		
Current:		
General government	813,828	832,952
Public safety	1,677,355	1,701,281
Health and welfare	154,548	172,027
Culture and recreation	368,400	480,777
Highway and streets	504,093	547,704
Debt service:		
Principal retirement	51,033	60,437
Interest and fees	9,799	395
Capital outlay:		
Public safety		213,034
Culture and recreation	19,712	115,986
Total expenditures	3,598,768	4,124,593
Excess of revenue over (under) expenditures	(423,306)	(826,728)
Other financing sources (uses):		
Transfers in	2,604,651	5,651,724
Transfers out	(2,568,324)	(2,770,816)
Capital leases		201,484
Total other financing sources (uses)	36,327	3,082,392
Net change in fund balances	(386,979)	2,255,664
Fund balances, beginning of year	3,206,970	951,306
Fund balances, end of year	$ 2,819,991	$ 3,206,970

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
SPLOST FUND
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 222,342	$ 423,333
Receivable:		
Intergovernmental	126,955	
Due from other funds	6,493	
Total assets	$ 355,790	$ 423,333
LIABILITIES		
Accounts payable	$ 1,835	$ 183,473
Total liabilities	1,835	183,473
FUND BALANCE		
Restricted for capital projects	353,955	239,860
Total fund balances	353,955	239,860
Total liabilities and fund balance	$ 355,790	$ 423,333

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPLOST FUND
Years Ended June 30, 2020 and 2019

	2020	2019
Revenues:		
Intergovernmental	$ 126,955	
Interest revenue	3,804	$ 9,944
Total revenue	130,759	9,944
Expenditures:		
Capital outlay:		
General government		9,199
Public safety	5,479	65,685
Highway and streets	11,185	38,456
Culture and recreation		159,132
Total expenditures	16,664	272,472
Excess of revenue over (under) expenditures	114,095	(262,528)
Other financing sources (uses):		
Transfers out		(15,500)
Total other financing sources (uses)	-	(15,500)
Net change in fund balances	114,095	(278,028)
Fund balances, beginning of year	239,860	517,888
Fund balances, end of year	$ 353,955	$ 239,860

PROPRIETARY FUNDS

These funds account for the provision of utility service to the residents of the City. All activities necessary to provide such services are accounted for in these funds, including, but not limited to administration, financing and related debt service, and billing and collection.

Water and Sewerage - This fund accounts for the operations of the City's water and sewerage activities.

Solid Waste - This fund accounts for the operations of the City's waste disposal activity.

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF NET POSITION
WATER AND SEWERAGE FUND
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash	$ 337,114	$ 641,976
Receivables (net, where applicable, of allowances for uncollectibles):		
Accounts	279,424	279,003
Grants	240,509	
Due from other governmental entity	945,352	
Inventories	703	703
Total unrestricted current assets	1,803,102	921,682
Restricted cash	490,585	477,864
Total current assets	2,293,687	1,399,546
Noncurrent assets:		
Prepaid bond insurance, net of accumulated amortization	-	43,776
Capital assets:		
Land and land improvements	537,065	537,065
Buildings and systems	9,883,369	9,883,369
Improvements other than buildings	8,189,914	8,189,914
Machinery and equipment	935,089	935,089
Less, accumulated depreciation	(9,575,485)	(9,193,892)
Total capital assets (net of accumulated depreciation)	9,969,952	10,351,545
Total noncurrent assets	9,969,952	10,395,321
Total assets	12,263,639	11,794,867
DEFERRED OUTFLOWS OF RESOURCES		
Pensions:		
Differences between expected and actual experience	5,882	1,874
Changes of assumptions	5,132	3,868
Contributions after measurement date	24,962	24,895
Total deferred outflows of resources	35,976	30,637

Continued...

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF NET POSITION
WATER AND SEWERAGE FUND
June 30, 2020 and 2019
(Continued)

	2020	2019
LIABILITIES		
Current liabilities:		
Accounts payable	541,891	36,258
Customer deposits	81,603	77,151
Customer overpayments	3,843	7,855
Accrued compensated absences	15,342	10,439
Unearned revenue	24,600	24,600
Total current liabilities	667,279	156,303
Current liabilities payable from restricted assets:		
Accrued interest	60,814	65,220
Revenue bonds, current portion	480,000	470,000
Total current liabilities payable from restricted assets	540,814	535,220
Noncurrent liabilities:		
Compensated absences	8,261	5,621
Unearned revenue	569,900	595,100
Notes payable	2,852,692	
Revenue bonds payable	5,496,455	5,971,367
Net pension liability	163,020	109,576
Total noncurrent liabilities	9,090,328	6,681,664
Total liabilities	10,298,421	7,373,187
DEFERRED INFLOWS OF RESOURCES		
Pensions:		
Differences between expected and actual experience	8,822	16,693
Net difference between projected and actual earnings on plan investments	4,599	35,912
Total deferred inflows of resources	13,421	52,605
NET POSITION		
Net investment in capital assets	5,230,623	5,243,541
Restricted for construction	125,555	115,933
Unrestricted	(3,368,405)	(959,762)
Total net position	$ 1,987,773	$ 4,399,712

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WATER AND SEWERAGE FUND
Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Charges for services:		
Sales	$ 1,799,388	$ 1,669,673
Other fees	88,804	120,366
Total operating revenues	1,888,192	1,790,039
Operating expenses:		
Salaries and wages	338,546	311,121
Payroll taxes and employee benefits	142,073	62,728
Utilities	199,885	192,706
Repairs and maintenance	2,585,658	184,791
Materials, supplies, and chemicals	134,699	109,348
Office supplies and postage	2,912	8,924
Engineering and other professional services	47,663	18,853
Depreciation and amortization	381,593	390,973
Administrative charges	220,353	208,087
Miscellaneous	403,843	115,149
Total operating expenses	4,457,225	1,602,680
Operating income (loss)	(2,569,033)	187,359
Nonoperating revenues (expenses):		
Grant income	240,509	
Interest income	3,559	3,950
Interest expense	(200,985)	(186,121)
Total nonoperating revenues (expenses)	43,083	(182,171)
Income (loss) before transfers	(2,525,950)	5,188
Transfers in	2,131,394	2,012,792
Transfers out	(2,017,383)	(2,029,548)
Changes in net position	(2,411,939)	(11,568)
Net position, beginning of year	4,399,712	4,411,280
Net position, end of year	$ 1,987,773	$ 4,399,712

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF CASH FLOWS
WATER AND SEWERAGE FUND
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Receipts from customers	$ 917,219	$ 1,773,382
Receipts from (refund of) customer overpayments	(4,012)	(7,252)
Receipts from (refund of) customer deposits	4,452	(103)
Payments to employees	(466,564)	(356,747)
Payments to vendors	(2,866,618)	(608,910)
Payments to other funds for services provided	(220,353)	(208,087)
Net cash provided (used) by operating activities	(2,635,876)	592,283
Cash flows from noncapital financing activities:		
Transfers in	2,131,394	1,997,292
Transfers out	(2,017,383)	(2,029,548)
Debt proceeds	2,852,692	
Principal paid on noncapital debt	(97,290)	(95,220)
Interest paid on noncapital debt	(32,401)	(34,419)
Net cash provided (used) by noncapital financing activities	2,837,012	(161,895)
Cash flows from capital and related financial activities:		
Transfers in		15,500
Acquisition of capital assets		(87,679)
Principal paid on capital debt	(372,710)	(364,780)
Interest paid on capital debt	(124,126)	(131,858)
Net cash provided (used) by capital and related financing activities	(496,836)	(568,817)
Cash flows from investing activities:		
Interest income	3,559	3,950
Net increase (decrease) in cash	(292,141)	(134,479)
Cash, beginning of year	1,119,840	1,254,319
Cash, end of year	$ 827,699	$ 1,119,840
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	$ (2,569,033)	$ 187,359
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	381,593	390,973
(Increase) decrease in:		
Accounts receivable	(945,773)	7,343
Increase (decrease) in:		
Accounts payable	505,633	26,340
Customer deposits	4,452	(103)
Customer overpayments	(4,012)	(7,252)
Accrued compensated absences	7,543	7,602
Unearned revenue	(25,200)	(24,000)
Net pension liability	8,921	4,021
Net cash provided by operating activities	$ (2,635,876)	$ 592,283

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF NET POSITION
SOLID WASTE FUND
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Receivables (net, where applicable, of allowances for uncollectibles):		
Accounts	$ 61,081	$ 57,240
Total current assets	61,081	57,240
Noncurrent assets:		
Capital assets:		
Machinery and equipment	21,060	21,060
Less, accumulated depreciation	(21,060)	(21,060)
Total capital assets (net of accumulated depreciation)	-	-
Total noncurrent assets	-	-
Total assets	61,081	57,240
NET POSITION		
Unrestricted	61,081	57,240
Total net position	$ 61,081	$ 57,240

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
SOLID WASTE FUND
Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Charges for services:		
Sales	$ 420,948	$ 415,187
Total operating revenues	420,948	415,187
Operating expenses:		
Administrative charges	36,726	34,681
Sanitation expense	230,043	225,046
Total operating expenses	266,769	259,727
Operating income (loss)	154,179	155,460
Income (loss) before transfers	154,179	155,460
Transfers in	351,655	415,665
Transfers out	(501,993)	(571,557)
Changes in net position	3,841	(432)
Net position, beginning of year	57,240	57,672
Net position, end of year	$ 61,081	$ 57,240

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF CASH FLOWS
SOLID WASTE FUND
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Receipts from customers	$ 417,107	$ 415,619
Payments to vendors	(230,043)	(225,046)
Payments to other funds for services provided	(36,726)	(34,681)
Net cash provided (used) by operating activities	150,338	155,892
Cash flows from noncapital financing activities:		
Transfers in	351,655	415,665
Transfers out	(501,993)	(571,557)
Net cash provided (used) by noncapital financing activities	(150,338)	(155,892)
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	$ -	$ -
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	$ 154,179	$ 155,460
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	(3,841)	432
Net cash provided by operating activities	$ 150,338	$ 155,892

DOWNTOWN DEVELOPMENT AUTHORITY

The Downtown Development Authority is a discretely presented component unit of the City.

DOWNTOWN DEVELOPMENT AUTHORITY
COMPARATIVE BALANCE SHEETS
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash	$ 61,443	$ 144,469
Accounts	27	
Total assets	$ 61,470	$ 144,469
LIABILITIES		
Accounts payable	$ 50	$ 50
Due to primary government		75,000
Unearned revenue	500	500
Total liabilities	550	75,550
FUND BALANCE		
Unassigned	60,920	68,919
Total fund balance	60,920	68,919
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.	20,400	20,400
Net position of governmental activities	$ 81,320	$ 89,319

DOWNTOWN DEVELOPMENT AUTHORITY
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2020 and 2019

	2020	2019
Revenue:		
Contributions from city		$ 50,000
Special events	$ 1,373	1,525
Interest revenue	67	181
Total revenue	1,440	51,706
Expenditures:		
Community development	9,439	9,462
Total expenditures	9,439	9,462
Excess of revenues over (under) expenditures	(7,999)	42,244
Net change in fund balance	(7,999)	42,244
Fund balance, beginning of year	68,919	26,675
Fund balance, end of year	$ 60,920	$ 68,919

There are no differences in amounts reported for changes in net position of governmental activities in the statement of activities.

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF MANCHESTER, GEORGIA
COMPARATIVE SCHEDULES BY SOURCE *
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Years Ended June 30, 2020 and 2019

	2020	2019
Governmental funds capital assets:		
Land and land improvements	$ 465,433	$ 465,433
Buildings and improvements	3,839,670	3,839,670
Machinery and equipment	2,124,664	2,104,952
Infrastructure	3,077,453	3,077,453
Total governmental funds capital assets	$ 9,507,220	$ 9,487,508
Investment in governmental funds capital assets by source:		
General fund	$ 3,742,138	$ 3,722,426
SPLOST funds	1,828,475	1,828,475
Gifts	659,618	659,618
General obligation bonds	1,228,608	1,228,608
Federal grants	1,725,590	1,725,590
State grants	295,791	295,791
County grants	27,000	27,000
Total governmental funds capital assets	$ 9,507,220	$ 9,487,508

* This schedule presents only the capital asset balances related to governmental funds.

CITY OF MANCHESTER, GEORGIA
SCHEDULE BY FUNCTION AND ACTIVITY *
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
June 30, 2020

Function and Activity	Total	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Infrastructure
General government	$ 971,325	$ 262,733	$ 585,544	$ 123,048	
Public safety	1,913,032		585,183	1,327,849	
Health and welfare	56,895		45,395	11,500	
Culture and recreation	3,204,742	179,540	2,536,774	488,428	
Highways and streets	3,361,226	23,160	86,774	173,839	$ 3,077,453
Total governmental funds capital assets	$ 9,507,220	$ 465,433	$ 3,839,670	$ 2,124,664	$ 3,077,453

* This schedule presents only capital asset balances related to governmental funds.

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY *
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
June 30, 2020

Function and Activity	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
General government	$ 971,325			$ 971,325
Public safety	1,913,032			1,913,032
Health and welfare	56,895			56,895
Culture and recreation	3,185,030	19,712		3,204,742
Highways and streets	3,361,226			3,361,226
Total governmental funds capital assets	$ 9,487,508	$ 19,712	$ -	$ 9,507,220

* This schedule presents only the capital assets balances related to governmental funds.

ADDITIONAL DATA

The following data is required by either state statute, specific grant audit requirements, or auditing standards:

SPLOST - Disclosure required by state requirements.

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF SPECIAL PURPOSE SALES AND USE TAX
June 30, 2020

Project	Estimated Project Amount	Estimated Percentage of Completion	Amount of Receipts to Date	Amount Expended	
				Prior Years	Current Year
Resolution #030114:					
Buildings	$ 268,101	85.93%		$ 230,374	
Recreation	102,039	100.00%		102,039	
Streets and sidewalks	357,135	61.86%		209,756	11,185
Public safety	258,098	102.12%		258,098	5,479
Equipment	290,109	108.73%		315,424	
Water, Sewer, & Gas Projects	453,670	86.44%		392,173	
	$ 1,729,152		$ 1,856,107	* $ 1,507,864	$ 16,664

* Receipts are not designated by project.