CITY OF MOUNT ZION, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2020

CITY OF MOUNT ZION, GEORGIA

Annual Financial Report
For the Fiscal Year Ended December 31, 2020

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FINANCIAL SECTION

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WILL ROBINSON, CPA, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Mount Zion, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Mount Zion, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Mount Zion, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Mount Zion, Georgia, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9, budgetary comparison information on pages 37-38, and schedule of changes of City's net pension liability and related schedules on pages 39-41, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mount Zion, Georgia's basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of special purpose local option sales tax proceeds 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, the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of the City of Mount Zion, 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 Mount Zion, 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 Mount Zion, Georgia's internal control over financial reporting and compliance.

Carrollton, Georgia
June 30, 2021

This management discussion and analysis of the City of Mount Zion, Georgia's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2020. It is designed to give the reader an objective and easily readable analysis of the City's financial performance. The primary intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements, and the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for the year ended December 31, 2020 are as follows:

The City's total assets exceeded its total liabilities by $5,101,072 (net position) for the fiscal year reported. In total, combined net assets increased $571,382 which represents a 13% increase over the prior year.

1. Combined tax revenues accounted for $784,009 or 58% of all revenues from governmental activities. Service specific revenues in the form of charges for services, grants, contributions, and fines and forfeitures accounted for $557,486 or 41% of total revenues of $1,352,797 from governmental activities.

2. The City had $1,293,413 in expenses related to governmental activities; only $557,486 of these expenses were offset by charges for services, grants, contributions, and fine and forfeitures. General revenues (primarily taxes) of $1,352,797 provided for these services.

3. Total water and sanitation program revenues for the year 2020 were $1,000,457. Total expenses for the year 2020 were $488,572. The increase in net assets after depreciation and non-operating revenues and/or expenses, capital contributions, and transfers was $511,998 for the year 2020.

4. Revenues from the General Fund were $1,009,094 for the year 2020, an increase of 7% over the prior year. General Fund expenditures totaled $1,003,006 for the year ending December 31, 2020, an increase of 11% over the prior year.

Overview of the Financial Statements

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Mount Zion as a financial whole; or as an entire operating entity. The government-wide statements (i.e. Statement of Net Position and Statement of Activities) provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. For proprietary funds, the statements offer short- and long-term financial information about activities the City operates like businesses, such as water and sewer. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Government-Wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the City's infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and user charges, and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judicial, public safety, public services, health and welfare, economic development and culture and recreation. Business-type activities include the City's water system and sanitation services.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

Proprietary funds are activities that the City operates similar to a business in that it attempts to recover costs through charges to the user. The City's only proprietary fund is an enterprise fund. Enterprise funds may be used to account for any activity or service that charges a fee to external users to cover the cost of operations, including cost of depreciation and debt service. The City operates its Water and Sanitation Fund as an enterprise fund. Proprietary fund statements use the accrual basis of accounting similar to the government-wide statements.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information includes the budgetary comparison statement for the General Fund and the City's progress in its obligation to provide pension benefits to its employees.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is $5,101,072. This is a $571,382 increase from the prior year's net position of $4,529,690, restated. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019 Restated	2020	2019 Restated	2020	2019 Restated
Assets:						
Current and other assets	$ 850,859	$ 810,626	$ 580,649	$ 433,919	$ 1,431,508	$ 1,244,545
Capital assets	3,156,087	3,149,914	2,749,699	2,292,226	5,905,786	5,442,140
Total assets	4,006,946	3,960,540	3,330,348	2,726,145	7,337,294	6,686,685
Deferred Outflows	37,121	30,161	10,212	7,102	47,333	37,263
Liabilities:						
Current liabilities	201,469	164,157	328,646	192,852	530,115	357,009
Long-term liabilities	158,280	187,291	1,593,905	1,630,983	1,752,185	1,818,274
Total liabilities	359,749	351,448	1,922,551	1,823,835	2,282,300	2,175,283
Deferred Inflows	1,237	15,556	18	3,419	1,255	18,975
Net position:						
Net investment in capital assets	2,988,303	2,942,881	998,526	592,226	3,986,829	3,535,107
Restricted	428,324	391,191	-	-	428,324	391,191
Unrestricted	266,454	289,625	419,465	313,767	685,919	603,392
Total net position	$ 3,683,081	$ 3,623,697	$ 1,417,991	$ 905,993	$ 5,101,072	$ 4,529,690

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019 Restated	2020	2019 Restated	2020	2019 Restated
Revenues:						
Program:						
Charges for services	$ 52,463	$ 60,208	$ 468,066	$ 435,328	$ 520,529	$ 495,536
Operating grants	99,505	18,193	-	-	99,505	18,193
Capital grants	405,518	377,661	532,391	318,398	937,909	696,059
General:						
Property taxes	213,429	177,058	-	-	213,429	177,058
Vehicle taxes	32,607	54,555	-	-	32,607	54,555
Sales taxes	332,771	329,448	-	-	332,771	329,448
Franchise taxes	53,705	52,700	-	-	53,705	52,700
Insurance premium taxes	136,931	129,810	-	-	136,931	129,810
Other taxes	14,566	19,777	-	-	14,566	19,777
Unrestricted investment earnings	280	96	113	27	393	123
Gain on sale of capital assets	-	30,371	-	1,245	-	31,616
Miscellaneous revenue	11,022	50,027	-	-	11,022	50,027
Total revenues	1,352,797	1,299,904	1,000,570	754,998	2,353,367	2,054,902
Program expenses:						
General government	308,897	245,325	-	-	308,897	245,325
Judicial	3,132	4,888	-	-	3,132	4,888
Public safety	418,250	322,966	-	-	418,250	322,966
Public works	223,448	131,093	-	-	223,448	131,093
Health and welfare	11,877	14,382	-	-	11,877	14,382
Culture and recreation	310,759	363,032	-	-	310,759	363,032
Housing and development	9,580	3,556	-	-	9,580	3,556
Interest on long-term debt	7,470	7,887	-	-	7,470	7,887
Water and sewerage	-	-	488,572	396,841	488,572	396,841
Total expenses	1,293,413	1,093,129	488,572	396,841	1,781,985	1,489,970
Excess (deficiency) before transfers	59,384	206,775	511,998	358,157	571,382	564,932
Transfers	-	2,534	-	(2,534)	-	-
Changes in net position	59,384	209,309	511,998	355,623	571,382	564,932
Beginning net position, restated	3,623,697	3,414,388	905,993	550,370	4,529,690	3,964,758
Ending net position	$ 3,683,081	$ 3,623,697	$ 1,417,991	$ 905,993	$ 5,101,072	$ 4,529,690

Governmental Activities

Please note that the most significant expenses are public safety expenses of $418,250 representing 32% of the total governmental expenses. The next most significant program expenses are culture and recreation which totals $310,759 and 24%, general government which totals $308,897 and 24% and public works which totals $223,448 and 17% of the total governmental expenses.

Business-Type Activities

The most significant business-type activity of the City is the Water system and Sanitation services. The majority of its revenue was derived from user fees charged for product and service.

Cost of Program Services

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below shows, for governmental and business-type activities, the combined total cost of services and the combined net cost of services, that is, it identifies the cost of these services supported by tax revenue.

Program revenues make up 66% of the combined revenues, which shows the City is dependent upon tax revenues for governmental activities.

Governmental and Business-Type Activities (Combined)

	Total Cost of Services 2020	Net Cost of Services 2020
Program expenses:		
General government	$ 308,897	$ (182,098)
Judicial	3,132	(3,132)
Public safety	418,250	(367,411)
Public works	223,448	(20,438)
Health and welfare	11,877	4,772
Culture and recreation	310,759	(150,570)
Housing and development	9,580	(9,580)
Interest on long-term debt	7,470	(7,470)
Water and sewerage	488,572	511,885
Total expenses	$ 1,781,985	$ (224,042)

Governmental Fund Balance

The General Fund's fund balance for the year ending December 31, 2020 is $368,853. The SPLOST Fund's fund balance for the year ending December 31, 2020 is $376,664. The Downtown Development Authority Fund's fund balance for the year ending December 31, 2020 is $11,815. The total fund balance for all governmental funds is $757,332.

General Fund Budgeting Highlights

The City's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund. The actual revenues of $1,009,094 were over the final budgeted amount of $967,975 by $41,119. The actual expenditures of $1,003,006 were over the final budgeted amount of $911,660 by $91,346.

Capital Assets and Debt Administration

Capital Assets

At the end of the year 2020, the City had $5,905,786 invested in capital assets. The following table provides a summary of the City's capital assets.

Capital Assets
Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019 Restated	2020	2019	2020	2019 Restated
Land	$ 454,119	$ 454,119	$ -	$ -	$ 454,119	$ 454,119
Construction in progress	-	30,180	559,355	16,044	559,355	46,224
Improvements other than buildings	80,034	83,155	-	-	80,034	83,155
Water system and tower	-	-	-	-	-	-
Buildings and improvements	1,608,458	1,544,988	-	-	1,608,458	1,544,988
Infrastructure	772,918	765,046	2,157,969	2,234,557	2,930,887	2,999,603
Machinery and equipment	148,786	179,046	32,375	41,625	181,161	220,671
Vehicles	91,772	93,380	-	-	91,772	93,380
Total	$ 3,156,087	$ 3,149,914	$ 2,749,699	$ 2,292,226	$ 5,905,786	$ 5,442,140

The primary increases occurred in the business-type activities with increases to infrastructure for a continuing water project.

Additional information on the City's capital assets can be found in Note 5 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of $1,885,366. This debt includes compensated absences, capital leases payable, and notes payable. No additional debt was issued during the current fiscal year.

The City is current on all required debt service obligations.

Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Compensated absences	$ 38,905	$ 39,027	$ 16,206	$ 12,484	$ 55,111	$ 51,511
Capital leases payable	12,313	33,348	-	-	12,313	33,348
Notes payable	155,471	173,685	1,662,471	1,700,000	1,817,942	1,873,685
Total	$ 206,689	$ 246,060	$ 1,678,677	$ 1,712,484	$ 1,885,366	$ 1,958,544

Additional information on the City's long-term liabilities can be found in Note 6 of this report.

Economic Outlook

The City of Mount Zion is located in Carroll County, which is located in the north western part of the state, approximately 50 miles west of Atlanta. The 2000 U.S. Census population figure for the City of Mount Zion was 1,275 and the 2010 U.S. Census population figure was 1,696. City leaders have recognized, and plans have been developed and/or implemented to maintain balanced, controlled and planned developments in concert with an economic development plan that encourages appropriate growth. The economic growth has also placed increased demands on services, but the City has adopted a conservative approach and implemented programs to meet these demands. The City has still been able to provide its services at a cost per capita that is comparable to other communities with similar demographic and economic characteristics.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information please contact, Tammy Hyde, City Clerk, City of Mount Zion, P. O. Box 597, Mount Zion, Georgia 30150, 770-832-1622 x2, or teresa@cityofmountzion.com.

BASIC FINANCIAL STATEMENTS

CITY OF MOUNT ZION, GEORGIA

Statement of Net Position
December 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	$ 656,968	$ 224,850	$ 881,818
Taxes receivable, net of allowance	186,570	-	186,570
Accounts receivable, net of allowance	817	51,536	52,353
Inventories	-	23,701	23,701
Internal balances	(54,736)	54,736	-
Due from other governments	61,240	113,755	174,995
Restricted assets:			
Cash	-	112,071	112,071
Capital assets:			
Nondepreciable capital assets	454,119	559,355	1,013,474
Depreciable capital assets, net	2,701,968	2,190,344	4,892,312
Total assets	4,006,946	3,330,348	7,337,294
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	37,121	10,212	47,333
Total deferred outflows of resources	37,121	10,212	47,333
LIABILITIES			
Accounts payable	61,669	19,015	80,684
Accrued liabilities	2,940	2,445	5,385
Customer deposits	-	86,161	86,161
Net pension liability	88,451	22,498	110,949
Capital leases due within one year	12,313	-	12,313
Compensated absences due within one year	17,328	9,009	26,337
Compensated absences due in more than one year	21,577	7,197	28,774
Notes payable due within one year	18,768	75,763	94,531
Notes payable due in more than one year	136,703	1,586,708	1,723,411
Total liabilities	359,749	1,922,551	2,282,300
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	1,237	18	1,255
Total deferred inflows of resources	1,237	18	1,255
NET POSITION			
Net investment in capital assets	2,988,303	998,526	3,986,829
Restricted for:			
Capital projects	416,509	-	416,509
Housing and development	11,815		11,815
Unrestricted	266,454	419,465	685,919
Total net position	$ 3,683,081	$ 1,417,991	$ 5,101,072

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

CITY OF MOUNT ZION, GEORGIA

Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 308,897	$ 655	$ 99,505	$ 26,639	$ (182,098)	$ -	$ (182,098)
Judicial	3,132	-	-	-	(3,132)	-	(3,132)
Public safety	418,250	14,210	-	36,629	(367,411)	-	(367,411)
Public works	223,448	-	-	203,010	(20,438)	-	(20,438)
Health and welfare	11,877	-	-	16,649	4,772	-	4,772
Culture and recreation	310,759	37,598	-	122,591	(150,570)	-	(150,570)
Housing and development	9,580	-	-	-	(9,580)	-	(9,580)
Interest on long-term debt	7,470	-	-	-	(7,470)	-	(7,470)
Total governmental activities	1,293,413	52,463	99,505	405,518	(735,927)	-	(735,927)
Business-type activities:							
Water and sanitation	488,572	468,066	-	532,391	-	511,885	511,885
Total business-type activities	488,572	468,066	-	532,391	-	511,885	511,885
Total primary government	$ 1,781,985	$ 520,529	$ 99,505	$ 937,909	(735,927)	511,885	(224,042)
General revenues:							
Property taxes					213,429	-	213,429
Vehicle taxes					32,607	-	32,607
Sales taxes					332,771	-	332,771
Franchise taxes					53,705	-	53,705
Insurance premium taxes					136,931	-	136,931
Other taxes					14,566	-	14,566
Unrestricted investment earnings					280	113	393
Gain on sale of capital assets					-	-	-
Miscellaneous revenue					11,022	-	11,022
Transfers					-	-	-
Total general revenues and transfers					795,311	113	795,424
Change in net position					59,384	511,998	571,382
Net position, beginning of year, restated					3,623,697	905,993	4,529,690
Net position, end of year					$ 3,683,081	$ 1,417,991	$ 5,101,072

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

CITY OF MOUNT ZION, GEORGIA

Balance Sheet
Governmental Funds
December 31, 2020

ASSETS	General	SPLOST	Downtown Development Authority	Total Governmental Funds
Cash	$ 345,723	$ 299,430	$ 11,815	$ 656,968
Receivables:				
Taxes	186,570	-	-	186,570
Accounts	817	-	-	817
Due from other funds	-	18,844	-	18,844
Due from other governments	-	61,240	-	61,240
Total assets	$ 533,110	$ 379,514	$ 11,815	$ 924,439
LIABILITIES				
Accounts payable	$ 58,819	$ 2,850	$ -	$ 61,669
Accrued liabilities	2,940	-	-	2,940
Due to other funds	73,580	-	-	73,580
Total liabilities	135,339	2,850	-	138,189
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes & fines	28,918	-	-	28,918
Total deferred inflows of resources	28,918	-	-	28,918
FUND BALANCES				
Fund balances:				
Restricted:				
Capital projects	39,845	376,664	-	416,509
Housing and development	-	-	11,815	11,815
Unassigned	329,008	-	-	329,008
Total fund balances	368,853	376,664	11,815	757,332
Total liabilities, deferred inflows of resources and fund balances	$ 533,110	$ 379,514	$ 11,815	$ 924,439

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

CITY OF MOUNT ZION, GEORGIA

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2020

Total Governmental Fund Balances			$ 757,332
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.			
	Cost	$ 4,872,300	
	Less accumulated depreciation	(1,716,213)	3,156,087
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
	Property taxes and fines		28,918
The deferred outflows 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.			
	Deferred outflows related to pension	37,121	
	Deferred inflows related to pension	(1,237)	35,884
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
	Note payable	(155,471)	
	Net pension liability	(88,451)	
	Compensated absences	(38,905)	
	Capital leases	(12,313)	(295,140)
Net position of governmental activities			$ 3,683,081

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

CITY OF MOUNT ZION, GEORGIA

Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	SPLOST	Downtown Development Authority	Total Governmental Funds
REVENUES				
Taxes	$ 773,418	$ -	$ -	$ 773,418
Licenses and permits	655	-	-	655
Intergovernmental	167,436	332,988	-	500,424
Charges for services	37,598	-	-	37,598
Fines and forfeitures	14,210	-	-	14,210
Investment income	156	121	3	280
Contributions and donations	4,599	-	-	4,599
Miscellaneous revenue	11,022	-	-	11,022
Total revenues	1,009,094	333,109	3	1,342,206
EXPENDITURES				
Current:				
General government	253,382	-	-	253,382
Judicial	3,132	-	-	3,132
Public safety	352,046	-	-	352,046
Public works	150,768	-	-	150,768
Health and welfare	11,877	-	-	11,877
Culture and recreation	231,801	-	-	231,801
Housing and development	-	-	1,196	1,196
Capital outlay	-	279,723	-	279,723
Debt service:				
Principal	-	21,035	18,214	39,249
Interest	-	2,512	4,958	7,470
Total expenditures	1,003,006	303,270	24,368	1,330,644
Excess (deficiency) of revenues over (under) expenditures	6,088	29,839	(24,365)	11,562
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	33,924	33,924
Transfers out	-	(33,924)	-	(33,924)
Total other financing sources (uses)	-	(33,924)	33,924	-
Net change in fund balances	6,088	(4,085)	9,559	11,562
FUND BALANCE, beginning of year, restated	362,765	380,749	2,256	745,770
FUND BALANCE, end of year	$ 368,853	$ 376,664	$ 11,815	$ 757,332

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

CITY OF MOUNT ZION, GEORGIA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2020

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 11,562
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay	$ 153,910	
Depreciation expense	(147,737)	6,173
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	10,591	10,591
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayments:		
Capital leases	21,035	
Notes payable	18,214	39,249
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	122	
Pension expense	(8,313)	(8,191)
Change in net position of governmental activities		$ 59,384

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

CITY OF MOUNT ZION, GEORGIA

Statement of Net Position
Proprietary Fund
December 31, 2020

	Business-type Activities
	Enterprise Fund
	Water and Sanitation Fund
ASSETS	
CURRENT ASSETS	
Cash	$ 224,850
Accounts receivable, net of allowances	51,536
Due from other funds	60,136
Inventories	23,701
Due from other governments	113,755
Restricted assets, cash	
Customer deposits	86,161
Capital outlay	25,910
Total current assets	586,049
NON CURRENT ASSETS	
Capital assets:	
Non depreciable	559,355
Depreciable, net of accumulated depreciation	2,190,344
Total capital assets (net of accumulated depreciation)	2,749,699
Total non current assets	2,749,699
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	10,212
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	19,015
Due to other funds	5,400
Contracts payable	88,702
Retainage payable	25,053
Accrued liabilities	2,445
Compensated absences	9,009
Customer deposits, payable with restricted assets	86,161
Notes payable, current portion	75,763
Total current liabilities	311,548
LONG-TERM LIABILITIES	
Compensated absences	7,197
Notes payable	1,586,708
Net pension liability	22,498
Total long-term liabilities	1,616,403
Total liabilities	1,927,951
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	18
Total deferred inflows of resources	
NET POSITION	
Net investment in capital assets	998,526
Unrestricted	419,465
Total net position	$ 1,417,991

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

CITY OF MOUNT ZION, GEORGIA

Statement of Revenues, Expense, and
Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2020

	Business-type Activities Enterprise Fund Water and Sanitation Fund
OPERATING REVENUES	
Charges for services:	
Water sales	$ 387,551
Other charges	3,981
Sanitation charges	76,534
Total operating revenues	468,066
OPERATING EXPENSES	
Personnel costs	137,639
Contracted services	59,249
Supplies	195,358
Depreciation	85,838
Total operating expenses	478,084
Operating loss	(10,018)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenue	532,391
Interest income	113
Interest expense	(10,488)
Total nonoperating revenues (expenses)	522,016
Change in net position	511,998
NET POSITION, beginning of year	905,993
NET POSITION, end of year	$ 1,417,991

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

CITY OF MOUNT ZION, GEORGIA

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2020

	Business-type Activities Enterprise Fund Water and Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 467,210
Payments to employees	(137,361)
Payments to suppliers for goods and services provided	(243,230)
Net cash provided by operating activities	86,619
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Intergovernmental revenue	532,391
Interest paid on capital debt	(8,756)
Purchase of property and equipment	(543,311)
Principal payments on long-term borrowings	(37,529)
Net cash used in capital and related financing activities	(57,205)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	113
Net cash provided by investing activities	113
Net increase in cash and cash equivalents	29,527
Cash and cash equivalents, beginning of year (including restricted cash of $125,690)	307,394
Cash and cash equivalents, end of year (including restricted cash of $112,071)	$ 336,921
Reconciliation of operating loss to net cash used in operating activities:	
Net operating loss	$ (10,018)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Depreciation	85,838
Increase in accounts receivable	(11,273)
Increase in due from other funds	(1,927)
Increase in inventory	(1,895)
Increase in due from other governments	(97,711)
Increase in deferred outflows	(3,110)
Increase in accounts payable	3,552
Increase in contracts payable	25,053
Decrease in due to other funds	(4,397)
Decrease in accrued liabilities	(4,329)
Increase in contracts payable	88,702
Increase in net pension liability	7,396
Increase in customer deposits	10,417
Increase in compensated absences	3,722
Decrease in deferred inflows	(3,401)
Net cash provided by operating activities	$ 86,619

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

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City of Mount Zion, Georgia was incorporated in 1912 under the provisions of an act of the General Assembly of Georgia. The City operates under the Mayor-Council form of government and provides the following services to its citizens as authorized by its charter: public safety (police), recreation, water, sanitation, and general and administrative services. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Mount Zion, Georgia (the "primary government") and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, the financial statements of the following component units are presented in the City's financial statements.

The City of Mount Zion Downtown Development Authority (the "Authority") was created as a separate legal entity by action of the City Council to assist in the development and redevelopment activities in the downtown area. The seven member governing board of the Authority is appointed by the City Council. The Authority is blended as a special revenue fund of the City because it provides services almost exclusively for the benefit of the City. Separate financial statements are not prepared for the Authority.

The City of Mount Zion Development Authority (the "Development Authority") was created as a separate legal entity by an act of the state legislature and "activated" by action of the City Council to promote and expand industry, welfare and trade for the public good and welfare of the City of Mount Zion, Georgia, and make long-range plans for such development and expansion. The governing board of the Development Authority is appointed by the City Council for fixed terms. The Development Authority is fiscally dependent upon the City because the City Council has the sole authority to levy taxes for the Development Authority. The Development Authority is audited along with the primary government's financial statements as a blended component unit. Separate financial statements are not prepared for the Development Authority.

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 non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

Program revenues include 1) charges to those 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, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The ***General Fund*** is the City'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 **special revenue *Downtown Development Authority Fund*** accounts for the financial resources provided from the 2014 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for improvements to parks and recreation facilities, water and sewer projects, road improvements and the administrative building.

The **capital projects *SPLOST Fund*** accounts for the financial resources to promote and expand industry, welfare and trade for the public good and welfare of the City of Mount Zion, Georgia, and make long-range plans for such development and expansion.

The City reports the following major proprietary fund:

The ***Water and Sanitation Fund*** accounts for the activities of the water distribution system and sanitation services.

The City also reports no non-major governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of* accounting, as are for the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 are considered to be available when they are collectible within the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term debt, compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental grants, and investment income 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

D. Cash and Investments

For purposes of the statement of cash flows, the enterprise funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Customer deposit resources in the water fund are restricted to the payment of customer's deposits as they become due.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as 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."

F. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (Continued)

G. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. Inventories reported in the governmental funds are equally offset by a fund balance reserve, which indicates that they do not constitute "available, spendable resources" even though they are a component of net current assets.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide and proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset 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 are depreciated using the straight-line method over the following useful lives:

Asset	Years
Improvements other than buildings	15-50
Buildings and improvements	15-50
Water distribution system	40
Infrastructure	50
Machinery and equipment	5-10
Vehicles	5

Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. The City is a Phase 3 entity and is not required to record infrastructure from years prior to implementation of the reporting model.

I. Long-Term Obligations

In the government-wide financial statements and proprietary 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 statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as other assets and amortized over the term of the related debt.

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 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.

Note 1. Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

Accumulated sick pay benefits have not been recorded as a liability because these benefits are paid upon the illness of an employee and the amount of such payments cannot be reasonably estimated. Accumulated unpaid vacation costs are accrued when incurred in the government-wide and proprietary 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 or retirements.

K. Fund Equity

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

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

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

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

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

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

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

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

(1) Committed

(2) Assigned

(3) Unassigned

Note 1. Summary of Significant Accounting Policies (Continued)

K. Fund Equity (Continued)

Net Position – Net position represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

L. Deferred outflows/inflows of resources

The City implemented GASB Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and No. 65, Items Previously Reported as Assets and Liabilities, as of December 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has items that qualify for reporting in this category that are related to the City's pension plan. These items are amortized in a systematic and rational method and recognized in pension expenses in future periods.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualifies for reporting in this category. The first item arises only under a modified accrual basis of accounting and, accordingly, the item, unavailable revenue from property taxes and police fines, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second items that qualify for reporting in this category are related to the City's pension plan and OPEB plan. These items are amortized in a systematic and rational method and recognized in pension or health care expenses in future periods.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Mount Zion Retirement Plan (the "Plan"), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

The following procedures are used by the City in establishing the budgetary data reflected in the financial statements:

1. The City Charter establishes the fiscal year as the twelve-month period beginning January 1 and ending December 31. Prior to December 31, the departments submit to the City Clerk a budget of estimated expenditures for the ensuing fiscal year, after which the City Clerk subsequently submits a budget of estimated expenditures and revenues to the City Council for the City's operating funds. These include General, Administrative, Police, Streets, Library and Recreation, Senior Citizens, and Water and Sanitation.
2. Upon receipt of the budget estimates, the Council holds a first meeting on the Budget Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City. The Council is precluded from passing the Budget Ordinance until ten days have passed after the Ordinance Publication.
3. The budget is then legally enacted through the passage of the Budget Ordinance.
4. The legal level of budgetary control is the departmental level. Budgeted amounts can be transferred between accounts within departments; however, any revisions of the total departmental budget must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The budgets for the General Fund, special revenue funds, and capital project fund were adopted on a basis consistent with generally accepted accounting principles (GAAP).

Budgeted amounts are as originally adopted, or as amended by the City Council. No individual amendments were made during the current year.

Excess of Expenditures Over Appropriations

The following General Fund functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended December 31, 2020.

General government	
City Council	$ 438
General administration	2,917
Public safety	
Police	49,185
Public works	
Highways and streets	53,487
Health and welfare	
Senior citizens	1,377

Note 3. Deposits

Custodial Credit Risk – Deposits:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At December 31, 2020, all of the deposits of the City were fully collateralized in accordance with the state statutes.

Note 4. Receivables

Receivables at December 31, 2020, for the City's individual funds, including the applicable allowances for uncollectible accounts are as follows:

	General	Water and Sewerage	Total
Receivables:			
Taxes	$ 191,996	$ -	$ 191,996
Accounts	817	73,014	73,831
Gross receivables	192,813	73,014	265,827
Less allowance for uncollectibles	(5,426)	(21,478)	(26,904)
Net total receivables	$ 187,387	$ 51,536	$ 238,923

Property taxes attach as an enforceable lien on property as of January 3, 2020. Taxes are levied on August 15, 2020 and payable on or before December 1, 2020. The City bills and collects its own property taxes. Property taxes levied for the year ending December 31, 2020 and not collected are recorded as receivables, net of estimated uncollectibles.

Amounts due from other governments at December 31, 2020, are broken down as follows:

SPLOST Fund:	
Sales tax collections	
Carroll County Board of Commissioners	$ 61,240
	$ 61,240
Water and Sanitation Fund:	
Grant revenue	
United States Department of Agriculture	$ 113,755
	$ 113,755

Note 5. Capital Assets

Capital asset activity for the year ended December 31, 2020 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 454,119	$ -	$ -	$ -	$ 454,119
Construction in progress	30,180	-	-	(30,180)	-
Total	484,299	-	-	(30,180)	454,119
Capital assets, being depreciated:					
Improvements other than buildings	187,294	-	-	-	187,294
Buildings and improvements	2,280,957	120,112	-	-	2,401,069
Infrastructure	1,085,182	-	-	30,180	1,115,362
Machinery and equipment	333,097	-	-	-	333,097
Vehicles	347,561	33,798	-	-	381,359
Total	4,234,091	153,910	-	30,180	4,418,181
Less accumulated depreciation for:					
Improvements other than buildings	(104,139)	(3,121)	-	-	(107,260)
Buildings and improvements	(735,969)	(56,642)	-	-	(792,611)
Infrastructure	(320,136)	(22,308)	-	-	(342,444)
Machinery and equipment	(154,051)	(30,260)	-	-	(184,311)
Vehicles	(254,181)	(35,406)	-	-	(289,587)
Total	(1,568,476)	(147,737)	-	-	(1,716,213)
Total capital assets, being depreciated, net	2,665,615	6,173	-	30,180	2,701,968
Governmental activities capital assets, net	$ 3,149,914	$ 6,173	$ -	$ -	$ 3,156,087
Business Type activities:					
Capital assets, not being depreciated:					
Construction in progress	$ 16,044	$ 543,311	$ -	$ -	$ 559,355
Total	16,044	543,311	-	-	559,355
Capital assets, being depreciated:					
Water system & tower	3,063,524	-	-	-	3,063,524
Machinery and equipment	164,475	-	-	-	164,475
Vehicles	26,068	-	-	-	26,068
Total	3,254,067	-	-	-	3,254,067
Less accumulated depreciation for:					
Water system & tower	(828,967)	(76,588)	-	-	(905,555)
Machinery and equipment	(122,850)	(9,250)	-	-	(132,100)
Vehicles	(26,068)	-	-	-	(26,068)
Total	(977,885)	(85,838)	-	-	(1,063,723)
Total capital assets, being depreciated, net	2,276,182	(85,838)	-	-	2,190,344
Business type activities capital assets, net	$ 2,292,226	$ 457,473	$ -	$ -	$ 2,749,699

Note 5. Capital Assets (Continued)

The beginning balances of the Governmental Activities were restated by $42,509 to properly account for capital assets acquired in prior years not previously reported in the City's financial statements.

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

Governmental activities:	
General government	$ 10,797
Public safety	26,242
Public works	42,028
Culture and recreation	68,670
Total depreciation expense - governmental activities	$ 147,737
Business-type activities:	
Water and sewerage	$ 85,838
Total depreciation expense - business-type activities	$ 85,838

Note 6. Long-Term Debt

Long-term liability activity for the year ended December 31, 2020, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Governmental activities:						
Compensated absences	$ 39,027	$ 17,383	$ 17,505	$ 38,905	$ 17,328	$ 21,577
Direct borrowings:						
Capital lease payable	33,348	-	21,035	12,313	12,313	-
Notes payable	173,685	-	18,214	155,471	18,768	136,703
Governmental activities long-term liabilities	$ 246,060	$ 17,383	$ 56,754	$ 206,689	$ 48,409	$ 158,280
Business-type activities:						
Compensated absences	$ 12,484	$ 6,940	$ 3,218	$ 16,206	$ 9,009	$ 7,197
Direct borrowings:						
Notes payable	1,700,000	-	37,529	1,662,471	75,763	1,586,708
Business-type activities long-term liabilities	$ 1,712,484	$ 6,940	$ 40,747	$ 1,678,677	$ 84,772	$ 1,593,905

The compensated absences liability will be paid from the General or Water and Sanitation Funds from which employees' salaries are paid. The capital leases and notes payable will be paid by the General Fund and the Water and Sanitation Fund.

Note 6. Long-Term Debt (Continued)

Governmental Activities:

Notes Payable. The City incurred debt to an individual for the purchase of land for economic development. The City pledges its full faith and credit and revenue-raising power, including its taxing power. In event of default, the debt may be declared immediately due and payable.

Interest Rate	Term (yrs)	Due Date	Monthly Payment	Original Balance	Balance
3.00%	10	6/1/2028	$ 1,931	$ 200,000	$ 155,471

Fiscal Year	Principal	Interest	Total
2020	$ 18,768	$ 4,408	$ 23,176
2021	19,336	3,839	23,175
2022	19,926	3,248	23,174
2023	20,533	2,643	23,176
2024	21,154	2,018	23,172
2025-2028	55,754	2,185	57,939
	$ 155,471	$ 18,341	$ 173,812

Capital Lease Payable. The following is an analysis and debt service requirements of leased assets under capital leases as of December 31, 2020:

		Amortization Expense	
	Cost	Current	Accumulated
Public Safety:			
Vehicles	$ 48,260	$ 15,282	$ 32,978
	$ 48,260	$ 15,282	$ 32,978

Fiscal Year	Principal	Interest	Total
2021	$ 12,313	$ 954	$ 13,267
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026-2030	-	-	-
	$ 12,313	$ 954	$ 13,267

In event of default, the lessor may declare all remaining principal and interest immediately due.

Note 6. Long-Term Debt (Continued)

Business Type Activities:

Notes Payable. The City's Water and Sanitation Fund entered in an agreement for direct borrowings of $1,700,000 with GEFA for water system improvements.

The City pledges its full faith and credit and revenue-raising power, including its taxing power. In event of default, the debt may be declared immediately due and payable.

The following is an analysis and debt service requirements for the notes payable as of December 31, 2020:

Interest Rate	Term (yrs)	Due Date	Monthly Payment	Original Balance	Balance
3.00%	20	2040	34,831	1,245,500	1,662,471
					$ 1,662,471

Fiscal Year	Principal	Interest	Total
2021	$ 75,763	$ 20,348	$ 96,111
2022	76,716	19,395	96,111
2023	77,680	18,431	96,111
2024	78,657	17,454	96,111
2025	79,646	16,465	96,111
2026-2030	413,503	67,053	480,556
2031-2035	440,157	40,399	480,556
2036-2040	420,349	12,153	432,502
	$ 1,662,471	$ 211,698	$ 1,874,169

Note 7. Interfund receivables, payables and transfers

The composition of interfund balances as of December 31, 2020, is as follows:

	Due From		
	General Fund	Water and Sanitation Fund	Totals
Due To			
Water and Sanitation Fund	$ 60,136	$ -	$ 60,136
SPLOST Fund	13,444	5,400	18,844
Total	$ 73,580	$ 5,400	$ 78,980

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds are made. The balance above between the General Fund and Water and Sanitation Fund represents payroll expenses of the Water and Sanitation Fund paid by

Note 7. Interfund receivables, payables and transfers (Continued)

the General Fund. The balance above between the General Fund and SPLOST Fund represents various expenditures to be reimbursed by the General Fund paid by the SPLOST Fund.

The composition of interfund transfers for the fiscal year ended December 31, 2020, is as follows:

Transfers In	Transfers Out	Amount
Downtown Development Authority	Water and Sanitation Fund	$ 33,924

These transfers to the Downtown Development Fund from SPLOST Fund is the Downtown Development Fund's portion of economic development of SPLOST revenue.

Note 8. Joint Venture

Under Georgia Law, the City, in conjunction with other cities and counties in the northwest Georgia area, is a member of the Three Rivers Regional Commission (TRRC) and is required to pay annual dues thereto. Membership in an TRRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the TRRC in Georgia. The TRRC Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an NWGRC. Separate financial statements may be obtained from the Three Rivers Regional Commission, 120 North Hill Street, Griffin, Georgia 30224.

Note 9. Defined Benefit Pension Plan

A. Plan Description

The City's contributes to the City of Mount Zion Retirement Plan (the "Plan"), which is a participating member in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer defined benefit pension plan. O.C.G.A. Section 47-5-1 et Seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the GMEBS to the respective employer entities. For the City of Mount Zion Retirement Plan, that authority rests with the City of Mount Zion, Georgia. The benefit provisions and all other requirements are established and may be amended by City ordinance. It is the responsibility of the GMEBS to function as the investment and administrative agent for the City of Mount Zion, Georgia with respect to the pension plan. The City of Mount Zion Retirement Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information to the Plan. That report may be obtained by writing to Georgia Municipal Association, Employee Benefit Section, 201 Pryor Street, SW, Atlanta, Georgia 30303-3606.

B. Benefits Provided

The City of Mount Zion Retirement Plan provides retirement, disability, and death benefits. Retirement benefits are determined as 1.25 percent of the employee's final 3-year average compensation times the employee's years of service. Effective January 1, 2016, the Plan was amended to provide for immediate participation for employees. The change has no impact on service credited under the Plan and no impact on benefits. As a result of this change, all employees are now included in the valuation.

Note 9. Defined Benefit Pension Plan (Continued)

B. Benefits Provided (Continued):

This change has minimal impact on the Plan's liability. Elected officials are not covered. The employees are vested after five years. The normal retirement age is sixty five plus five years with the early retirement age being fifty five plus ten years. As of January 1, 2020, the date of the most recent actuarial valuation, the plan membership included the following categories of participants.

Benefits for retired participants and beneficiaries	2
Terminated vested participants	8
Active vested participants	9
Total present value of vested benefits	19
Nonvested benefits	1
Total present value of accrued plan benefits	20

C. Contributions

Recommended Contribution: The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. 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 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).

State Funding Standards: The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is $28,638. The minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial liability of the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the

valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the City contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet the applicable state funding standards.

The City makes 100% of the contributions to the Plan. The contractually required contributions, which are actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute at an actuarially determined rate; the current rate is 8.82% of annual covered payroll.

D. Net Pension Liability

The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020.

Actuarial assumptions. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Note 9. Defined Benefit Pension Plan

D. Net Pension Liability (Continued):

Inflation	2.25%
Salary increases	3.00% to 8.50%, include an inflation assumption of 2.25%
Investment rate of return	7.375%, based on long-term expected rate of return on pension plan investments
Mortality Rates:	
Healthy:	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females
Disabled:	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates
Plan Determination Basis:	1994 Group Annuity Reserving Unisex Table
	RP-2000 Mortality Tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic Equity	45%	6.41%	9.20%
International Equity	20%	6.96%	9.70%
Real Estate	10%	4.76%	4.80%
Global Fixed Income	5%	3.06%	7.00%
Domestic Fixed Inco	20%	1.96%	
Cash	0%		
Total	100%		

Note 9. Defined Benefit Pension Plan

D. Net Pension Liability (Continued):

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes In Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at September 30, 2018	$ 405,072	$ 331,111	$ 73,961
Changes for the year:			
Service cost	16,808	-	16,808
Interest	31,501	-	31,501
Differences between expected and actual experience	18,793	-	18,793
Contributions—employer	-	31,435	(31,435)
Net investment income	-	11,271	(11,271)
Benefit payments, including refunds of employee contributions	(3,741)	(3,741)	-
Administrative expense	-	(3,260)	3,260
Other changes	9,332	-	9,332
Net changes	72,693	35,705	36,988
Balances at September 30, 2019	$ 477,765	$ 366,816	$ 110,949

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

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's Net Pension Liability	$ 185,826	$ 110,949	$ 49,472

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report.

Note 9. Defined Benefit Pension Plan

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

For the year ended December 31, 2020, the City recognized pension expense of $40,486. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 30,503	$ 378
Changes of assumptions	9,175	-
Net difference between projected and actual earnings on pension plan investments	-	877
City contributions subsequent to the measurement date	7,655	-
	$ 47,333	$ 1,255

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows(Inflows) Recognized in Future Years

Year Ended December					
2021	2022	2023	2024	2025	Thereafter
$ 13,820	$ 10,942	$ 10,765	$ 2,896	$ -	$ -

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2020.

Note 10. Risk Management

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

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claims of loss. The City is also to allow the pool's agent and

Note 10. Risk Management (Continued):

attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

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

The City carries commercial insurance for other risks of losses, such as general property and liability insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 11. Commitments and Contingencies

Grant Contingencies:

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

Note 12. Prior Period Adjustments

The City has determined that a restatement of the fund balance of the General Fund and net position of Governmental Activities is required to reflect corrections to the beginning balance of sales taxes receivable and capital assets.

Fund Balance, SPLOST Fund, December 31, 2019, as previously reported	$ 352,599
Adjustment for proper recognition of intergovernmental receivable	28,150
Beginning Fund Balance, General Fund, December 31, 2019, restated	$ 380,749

Net position, Governmental Activities, December 31, 2019, as previously reported	$ 3,651,988
Adjustment for proper recognition of intergovernmental receivable	28,150
Adjustment for proper recognition of capital assets	(56,441)
Beginning net position, Governmental Activities, December 31, 2019, restated	$ 3,623,697

Note 13. Subsequent Event

Subsequent events were evaluated through June 30, 2021, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MOUNT ZION, GEORGIA

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 709,823	$ 724,644	$ 773,418	$ 48,774
Licenses and permits	1,500	700	655	(45)
Intergovernmental	50,000	167,431	167,436	5
Charges for services	54,400	39,000	37,598	(1,402)
Fines and forfeitures	22,750	15,000	14,210	(790)
Contributions and donations	8,500	4,500	4,599	99
Investment income	-	-	156	156
Miscellaneous	15,300	16,700	11,022	(5,678)
Total revenues	862,273	967,975	1,009,094	41,119
EXPENDITURES				
Current:				
General government				
City Council	11,000	11,000	11,438	(438)
General administration	194,240	239,027	241,944	(2,917)
Total general government	205,240	250,027	253,382	(3,355)
Judicial				
Municipal court	4,800	3,200	3,132	68
Public safety				
Police	277,259	302,861	352,046	(49,185)
Total public safety	277,259	302,861	352,046	(49,185)
Public works				
Highways and streets	51,438	97,281	150,768	(53,487)
Health and welfare				
Senior citizens	14,000	10,500	11,877	(1,377)
Culture and recreation				
Parks	151,850	140,651	129,244	11,407
Community center	51,411	47,340	45,008	2,332
Community events	9,900	8,050	6,782	1,268
Libraries	47,750	51,150	50,767	383
Total culture and recreation	260,911	247,191	231,801	15,390
Housing and development				
Economic development	600	600	-	600
Total housing and development	600	600	-	600

(Continued)

CITY OF MOUNT ZION, GEORGIA

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
Total expenditures	814,248	911,660	1,003,006	(91,346)
Excess (deficiency) of revenues over (under) expenditures	48,025	56,315	6,088	(50,227)
Net change in fund balances	48,025	56,315	6,088	(50,227)
FUND BALANCE				
Beginning of year, restated	362,765	362,765	362,765	-
End of year	$ 410,790	$ 419,080	$ 368,853	$ (50,227)

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

CITY OF MOUNT ZION, GEORGIA

Required Supplementary Information
Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	$ 16,808	$ 19,965	$ 16,194	$ 16,587	$ 8,037	$ 7,353
Interest	31,501	27,594	22,764	20,289	35,254	32,617
Differences between expected and actual experience	18,793	11,086	12,886	(1,890)	(2,440)	13,540
Assumption Changes	-	-	-	-	-	(7,104)
Benefit payments, including refunds of employee contributions	(3,741)	(3,053)	(3,053)	(3,053)	(13,012)	(11,761)
Other changes	9,332	-	5,439	-	-	-
Net change in total pension liability	72,693	55,592	54,230	31,933	27,839	34,645
Total Pension Liability						
Beginning of Year	405,072	349,480	295,250	263,317	461,391	426,746
End of Year(a)	$ 477,765	$ 405,072	$ 349,480	$ 295,250	$ 489,230	$ 461,391
Plan Fiduciary Net Position						
Contributions - employer	$ 31,435	$ 25,187	$ 23,901	$ 20,002	$ 18,469	$ 22,044
Contributions - employee	-	-	-	-	-	-
Net investments income	11,271	28,864	35,973	22,293	1,239	39,821
Benefit payments, including refunds of employee contributions	(3,741)	(3,053)	(3,053)	(3,053)	(13,012)	(11,761)
Administrative expense	(3,260)	(3,500)	(3,807)	(1,742)	(5,690)	(5,281)
Net change in fiduciary net pension	35,705	47,498	53,014	37,500	1,006	44,823
Position						
Beginning of Year	331,111	283,613	230,599	193,099	454,652	409,829
End of Year(b)	$ 366,816	$ 331,111	$ 283,613	$ 230,599	$ 455,658	$ 454,652
City's Net Pension Liability(a) - (b)	$ 110,949	$ 73,961	$ 65,867	$ 64,651	$ 33,572	$ 6,739
Plan's fiduciary net position as a percentage of the total pension liability	76.78%	81.74%	81.15%	78.10%	93.14%	98.54%
Covered - employee payroll	$ 367,540	$ 356,495	$ 358,136	$ 305,869	$ 201,013	$ 146,517
City's net pension liability as a percentage of covered employee payroll	30.19%	20.75%	18.39%	21.14%	16.70%	4.60%

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	*	$ 31,435	$ 25,187	$ 23,901	$ 23,982	$ 19,765
Contributions in relation to the actuarially determined contribution	*	31,435 **	25,187	23,901	21,632	19,993
Contribution deficiency (excess)	*	-	-	-	-	-
Covered - employee payroll	*	$ 356,495 ***	$ 358,136	$ 305,869	$ 201,013	$ 146,517
Contributions as a percentage of covered employee payroll	*	8.82%	7.03%	7.81%	10.76%	13.65%

Notes to the Schedules

The schedules will present 10 years of information once it is accumulated.

* 2020 information will be determined after fiscal year end and will be included in the 2021 valuation report.

** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

*** 2019 covered payroll is based on data collected as of September 30, 2018 for the 2019 actuarial valuation.

Notes to Schedule of Contributions

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2020, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially contribution rate will be reported for the fiscal year ending December 31, 2020.
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of 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.
Actuarial Assumptions:	
Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Normal Retirement Age	65 + 5
Early Retirement	55 + 10
Mortality Rates:	
Healthy:	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females
Disabled:	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates
Plan Determination Basis:	1994 Group Annuity Reserving Unisex Table RP-2000 Mortality Tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.
Other information:	See the "Actuarial Valuation History for Notes to Schedules" on following page for the history of changes to plan provisions.

Actuarial Valuation History for Notes to Schedules

Changes of Assumptions

- As a result of the plan change to provide immediate participation for Employees for the Fiscal Year end in 2020, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.
  - Amounts reported for the Fiscal Year ending in 2015 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014.
  - The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
  - The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
  - The retirement rates where normal retirement is only available on or after 65 were changed from prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10%at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 63, 45% at age 65, and 100% at age 70.
  - The inflation assumption was decreased from 3.50% to 3.25%.
  - The salary increase assumption was changed from select period rates during the first five year of services, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflations assumption of 3.50%. Under the new assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

- Effective January 1, 2016, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits.

SUPPLEMENTARY INFORMATION

SPECIAL PURPOSE LOCAL
OPTION SALES TAX PROCEEDS SCHEDULES

CITY OF MOUNT ZION, GEORGIA

Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2020

2015 Issue - Carroll County, Georgia

Project Description	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Recreation-land, vehicle, equipment and improvements to facilities	$ 500,000	$ 203,500	$ 39,416	$ 242,916
Water-vehicle, equipment, improvements and line extensions	400,000	196,220	16,993	213,213
Community development-beautification and library support	100,000	58,515	143,571	202,086
Public safety-vehicles and equipment	200,000	160,916	87,028	247,944
Roads-paving, repairs and equipment	500,000	47,326	13,659	60,985
General city-equipment, building renovations and ordinance updates	135,000	251,610	36,527	288,137
	$ 1,835,000	$ 918,087	$ 337,194	$ 1,255,281

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	SPLOST Fund
Total Expenditures	$ 303,270
Transfers out **(A)**	33,924
	$ 337,194

(A) - Transfer to Mount Zion Development Authority for community development.

COMPLIANCE SECTION

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

To the Honorable Mayor and
Members of the City Council
City of Mount Zion, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Mount Zion, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Mount Zion, Georgia's basic financial statements and have issued our report thereon dated June 30, 2021.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 20-1 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and responses as items 20-2 and 20-3 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mount Zion, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government*

Auditing Standards and which are described in the accompanying schedule of findings and responses as items 20-4 through 20-6.

City of Mount Zion, Georgia's Response to Findings

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

Purpose of this Report

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

Carrollton, Georgia
June 30, 2021

CITY OF MOUNT ZION
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2020

A. SUMMARY OF AUDIT RESULTS:

Financial Statements:

The auditor's report expresses an unqualified opinion on the financial statements of City of Mount Zion, Georgia.

There was one reportable condition deemed to be a material weakness and is included in the schedule of Findings and Responses as item 20-1.

There were two reportable conditions deemed to be significant deficiencies and are included in the schedule of Findings and Responses as items 20-2 through 20-3

There were three reportable conditions deemed to be instances of noncompliance and are included in the Schedule of Findings and Responses as items 20-4 through 20-6.

Federal Awards:

There was not an audit of major federal award programs as of December 31, 2020 due to the total amount expended being less than $750,000.

B. FINDINGS: FINANCIAL STATEMENT AUDIT

20-1 Segregation of Duties:

Condition: **This was reported as a prior year finding.** There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions within various City departments.

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Effect: Failure to periodically segregate duties between recording, distribution, and reconciliation of cash accounts can lead to the misappropriation of funds without such actions being detected during the normal course of business.

Recommendation: Duties of recording, distribution, and reconciliation of cash accounts should be segregated between employees.

Auditee's Response: We concur with the finding. Duties are segregated to the extent possible given the limited staff and will continue to segregate as staffing allows. All future innovative technologies will be employed to assist the current limited staff.

20-2 Receivables and Related Revenues:

Condition: The City received and properly recorded property tax receipts to the general ledger but did not post receipts totaling $47,678 to the City's billing system customer accounts in the proper accounting period.

Criteria: Procedures should be in place to ensure customer accounts receivable balances reflect customer payments in the period in which payment was received.

Effect: Failure to record receipts to customer accounts in the correct accounting period results in overstated balances on customer statements and overstated accounts receivable on the financial statements.

Recommendation: We recommend the City implement procedures to ensure revenue receipts are posted to customer accounts in the period in which they are received.

Auditee's Response: We concur with the finding. The City will implement new policies and procedures to ensure that all revenues are posted in the proper accounting period and in a timely manner.

20-3 Document Retention:

Condition: The City did not keep receipt documentation in accordance with the accounting records section of the City's adopted recorded retention schedule.

Criteria: Procedures should be in place to ensure accounting records are retained according to City policy.

Effect: Failure to retain accounting records per the City's internal control policies results in lack of accountability and could lead to misappropriation of funds.

Recommendation: We recommend the City review its record retention policy and implement procedures to ensure documents are kept in accordance with the policy.

Auditee's Response: We concur with the finding. The City will ensure all documents are retained in accordance with the City's retention policy going forward.

Noncompliance

20-4 Budget Administration:

Condition: **This was reported as a prior year finding.** For the year ended December 31, 2020, the City adopted a budget for expenditures within various departments and charged those expenditures to line items in which no chart of accounts existed on the general ledger.

Criteria: The Official Code of Georgia (OCGA) Section 36-81-2 through 36-81-6 requires that an annual budget be adopted for the general fund; each special revenue fund and each debt service fund, and requires a project length budget for each capital projects fund.

Effect: Failure to comply with proper budgeting procedures impedes management's ability to oversee the fiscal use and control of funds.

Recommendation: The City should adopt an annual budget for all funds in accordance with state law using data derived from existing fund balances and anticipated revenues and expenditures throughout the fiscal year. The City should adopt a budget based on the chart of accounts in their accounting system to properly identify excesses and deficiencies in budgeted items.

Auditee's Response: We concur with the finding. The City is working with a their accountant to evaluate the current software and other software to comply with the Uniform Chart of Accounts.

20-5 Uniform Chart of Accounts:

Condition: **This was reported as a prior year finding.** During the year ended December 31, 2020, the City did not adopt the Local Government Uniform Chart of Accounts as required by Official Code of Georgia 36-81-3.

Criteria: All local governments in the state of Georgia are required to adopt and use the Uniform Chart of Accounts for all reports submitted to the state.

Effect: Failure to adopt and use the Uniform Chart of Accounts is in violation of the Official Code of Georgia Title 36-81-3.

Recommendation: The City should adopt the Uniform Chart of Accounts.

Auditee's Response: We concur with the finding. The City's accountant is in the process of converting the City's chart of accounts to comply with the State of Georgia's Uniform Chart of Accounts.

20-6 Commingling of SPLOST Funds:

Condition: The City SPLOST Fund has amounts from previous years due from the Water and Sanitation Fund of $5,400 and the General Fund of $13,444 as of December 31, 2020.

Criteria: The Official Code of Georgia Section 48-8-121 states that sales tax proceeds shall not in any way be commingled with other funds prior to expenditure.

Effect: Failure to appropriately segregate SPLOST proceeds from other funds is in violation of the Official Code of Georgia Title 48 and can result in revocation of the tax.

Recommendation: The City should implement policies and procedures to ensure SPLOST funds are properly segregated.

Auditee's Response: We concur with the finding. The City is in the process of reimbursing the appropriate funds and will develop new policies and procedures in order to ensure no commingling of funds happen in the future.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There was not an audit of major federal award programs as of December 31, 2020 due to the total amount expended being less than $750,000.

D. STATUS OF PRIOR YEAR FINDINGS: FEDERAL AWARDS

There were no findings in the audit of major federal awards programs for the year ended December 31, 2019.