CITY OF MOUNT ZION, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2021

CITY OF MOUNT ZION, GEORGIA

Annual Financial Report
For the Fiscal Year Ended December 31, 2021

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Independent Auditor's Report ..... 1 - 3
Management's Discussion and Analysis ..... 4 - 10

Basic Financial Statements:
- Government-wide Financial Statements:
  - Statement of Net Position 11
  - Statement of Activities 12
- Fund Financial Statements:
  - Balance Sheet – Governmental Funds 13
  - Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities 14
  - Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 15
  - Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities 16
  - Statement of Net Position – Proprietary Fund 17
  - Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund 18
  - Statement of Cash Flows - Proprietary Fund ..... 19 - 20
- Notes to the Basic Financial Statements ..... 21 - 38

Required Supplementary Information:
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund ..... 39 - 40
- Schedule of Changes in the City's Net Pension Liability and Related Ratios and Contributions 41
- Notes to Schedule of Contributions 42
- Actuarial Valuation History for Notes to Schedules 43

Supplementary Schedules:
- Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2015 Issue 44
- Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2021 Issue 45

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* ..... 46 - 47
- Schedule of Findings and Responses ..... 48 - 50

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2021, 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.

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, 2021, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Mount Zion, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mount Zion, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Mount Zion, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mount Zion, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, budgetary comparison information on pages 38-39, and schedule of changes of City's net pension liability and related schedules on pages 40-42, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 May 6, 2022, 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 City of Mount Zion, Georgia's internal control over financial reporting and compliance.

Will Robinson, CPA, LLC

Carrollton, Georgia
May 6, 2022

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, 2021. 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, 2021 are as follows:

The City's total assets exceeded its total liabilities by $5,616,087 (net position) for the fiscal year reported. In total, combined net assets increased $515,015 which represents a 10% increase over the prior year.

1. Combined tax revenues accounted for $912,402 or 49% of all revenues from governmental activities. Service specific revenues in the form of charges for services, grants, contributions, and fines and forfeitures accounted for $882,910 or 48% of total revenues of $1,844,990 from governmental activities.

2. The City had $1,368,304 in expenses related to governmental activities; only $882,732 of these expenses were offset by charges for services, grants, contributions, and fine and forfeitures. General revenues (primarily taxes) of $962,258 provided for these services.

3. Total water and sanitation program revenues for the year 2021 were $549,766. Total expenses for the year 2021 were $511,530. The increase in net assets after depreciation and non-operating revenues and/or expenses, capital contributions, and transfers was $3,329 for the year 2021.

4. Revenues from the General Fund were $1,115,320 for the year 2021, an increase of 11% over the prior year. General Fund expenditures totaled $1,100,029 for the year ending December 31, 2021, an increase of 10% 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 sanitation. 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 $5,616,087. This is a $515,015 increase from the prior year's net position of $4,529,690. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	$ 1,280,323	$ 850,859	$ 457,159	$ 580,649	$ 1,737,482	$ 1,431,508
Capital assets	3,293,776	3,156,087	2,707,941	2,749,699	6,001,717	5,905,786
Total assets	4,574,099	4,006,946	3,165,100	3,330,348	7,739,199	7,337,294
Deferred Outflows	23,335	37,121	5,835	10,212	29,170	47,333
Liabilities:						
Current liabilities	187,033	201,469	226,706	328,646	413,739	530,115
Long-term liabilities	210,994	158,280	1,521,675	1,593,905	1,732,669	1,752,185
Total liabilities	398,027	359,749	1,748,381	1,922,551	2,146,408	2,282,300
Deferred Inflows	4,640	1,237	1,234	18	5,874	1,255
Net position:						
Net investment in capital assets	3,041,506	2,988,303	1,121,233	998,526	4,162,739	3,986,829
Restricted	833,819	428,324	-	-	833,819	428,324
Unrestricted	319,442	266,454	300,087	419,465	619,529	685,919
Total net position	$ 4,194,767	$ 3,683,081	$ 1,421,320	$ 1,417,991	$ 5,616,087	$ 5,101,072

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program:						
Charges for services	$ 78,296	$ 52,463	$ 495,018	$ 468,066	$ 573,314	$ 520,529
Operating grants	6,644	99,505	-	-	6,644	99,505
Capital grants	797,970	405,518	54,748	532,391	852,718	937,909
General:						
Property taxes	240,239	213,429	-	-	240,239	213,429
Vehicle taxes	53,168	32,607	-	-	53,168	32,607
Sales taxes	378,610	332,771	-	-	378,610	332,771
Franchise taxes	58,781	53,705	-	-	58,781	53,705
Insurance premium taxes	141,663	136,931	-	-	141,663	136,931
Other taxes	39,941	14,566	-	-	39,941	14,566
Unrestricted investment earnings	1,036	280	93	113	1,129	393
Gain on sale of capital assets	16,000	-	-	-	16,000	-
Miscellaneous revenue	32,642	11,022	-	-	32,642	11,022
Total revenues	1,844,990	1,352,797	549,859	1,000,570	2,394,849	2,353,367
Program expenses:						
General government	330,176	308,897	-	-	330,176	308,897
Judicial	5,872	3,132	-	-	5,872	3,132
Public safety	529,693	418,250	-	-	529,693	418,250
Public works	163,546	223,448	-	-	163,546	223,448
Health and welfare	13,270	11,877	-	-	13,270	11,877
Culture and recreation	320,385	310,759	-	-	320,385	310,759
Housing and development	-	9,580	-	-	-	9,580
Interest on long-term debt	5,362	7,470	-	-	5,362	7,470
Water and sanitation	-	-	511,530	488,572	511,530	488,572
Total expenses	1,368,304	1,293,413	511,530	488,572	1,879,834	1,781,985
Excess (deficiency) before transfers	476,686	59,384	38,329	511,998	515,015	571,382
Transfers	35,000	-	(35,000)	-	-	-
Changes in net position	511,686	59,384	3,329	511,998	515,015	571,382
Beginning net position, restated	3,683,081	3,623,697	1,417,991	905,993	5,101,072	4,529,690
Ending net position	$ 4,194,767	$ 3,683,081	$ 1,421,320	$ 1,417,991	$ 5,616,087	$ 5,101,072

Governmental Activities

Please note that the most significant expenses are public safety expenses of $529,693 representing 39% of the total governmental expenses. The next most significant program expenses are culture and recreation which totals $320,385 and 23%, general government which totals $330,176 and 24% and public works which totals $163,546 and 12% 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 60% 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	
	2021	2021
Program expenses:		
General government	$ 330,176	$ (296,139)
Judicial	5,872	(5,872)
Public safety	529,693	(425,809)
Public works	163,546	342,297
Health and welfare	13,270	55,036
Culture and recreation	320,385	(149,545)
Interest on long-term debt	5,362	(5,362)
Water and sewerage	511,530	38,236
Total expenses	$ 1,879,834	$ (447,158)

Governmental Fund Balance

The General Fund's fund balance for the year ending December 31, 2021 is $435,144. The ARPA Fund's fund balance for the year ending December 31, 2021 is $338,599. The SPLOST Fund's fund balance for the year ending December 31, 2021 is $460,419. The Downtown Development Authority Fund's fund balance for the year ending December 31, 2021 is $244. The total fund balance for all governmental funds is $1,234,406.

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 $1,115,320 were over the final budgeted amount of $961,225 by $154,095. The actual expenditures of $1,100,029 were over the final budgeted amount of $986,320 by $113,709.

Capital Assets and Debt Administration

Capital Assets

At the end of the year 2021, the City had $6,001,717 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	
	2021	2020	2021	2020	2021	2020
Land	$ 454,119	$ 454,119	$ -	$ -	$ 454,119	$ 454,119
Construction in progress	-	-	45,138	559,355	45,138	559,355
Improvements other than buildings	76,913	80,034	-	-	76,913	80,034
Water system and tower	-	-	-	-	-	-
Buildings and improvements	1,648,427	1,608,458	-	-	1,648,427	1,608,458
Infrastructure	750,610	772,918	2,639,678	2,157,969	3,390,288	2,930,887
Machinery and equipment	127,029	148,786	23,125	32,375	150,154	181,161
Vehicles	236,678	91,772	-	-	236,678	91,772
Total	$ 3,293,776	$ 3,156,087	$ 2,707,941	$ 2,749,699	$ 6,001,717	$ 5,905,786

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 $1,899,726. 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	
	2021	2020	2021	2020	2021	2020
Compensated absences	$ 44,104	$ 38,905	$ 16,644	$ 16,206	$ 60,748	$ 55,111
Capital leases payable	115,567	12,313	-	-	115,567	12,313
Notes payable	136,703	155,471	1,586,708	1,662,471	1,723,411	1,817,942
Total	$ 296,374	$ 206,689	$ 1,603,352	$ 1,678,677	$ 1,899,726	$ 1,885,366

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 2010 U.S. Census population figure for the City of Mount Zion was 1,696 and the 2020 U.S. Census population figure was 1,834. 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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	$ 1,075,665	$ 207,781	$ 1,283,446
Taxes receivable, net of allowance	132,348	-	132,348
Accounts receivable, net of allowance	17,426	46,476	63,902
Prepaid items	19,267	9,886	29,153
Inventories	-	30,228	30,228
Internal balances	(67,877)	67,877	-
Due from other governments	103,494	-	103,494
Restricted assets:			
Cash	-	94,911	94,911
Capital assets:			
Nondepreciable capital assets	454,119	45,138	499,257
Depreciable capital assets, net	2,839,657	2,662,803	5,502,460
Total assets	4,574,099	3,165,100	7,739,199
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	23,335	5,835	29,170
Total deferred outflows of resources	23,335	5,835	29,170
LIABILITIES			
Accounts payable	17,355	29,272	46,627
Accrued liabilities	5,030	2,294	7,324
Customer deposits	-	93,257	93,257
Net pension liability	79,268	20,206	99,474
Capital leases due within one year	36,777	-	36,777
Capital leases due in more than one year	78,790	-	78,790
Compensated absences due within one year	29,267	4,961	34,228
Compensated absences due in more than one year	14,837	11,683	26,520
Notes payable due within one year	19,336	76,716	96,052
Notes payable due in more than one year	117,367	1,509,992	1,627,359
Total liabilities	398,027	1,748,381	2,146,408
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	4,640	1,234	5,874
Total deferred inflows of resources	4,640	1,234	5,874
NET POSITION			
Net investment in capital assets	3,041,506	1,121,233	4,162,739
Restricted for:			
Capital projects	833,575	-	833,575
Housing and development	244		244
Unrestricted	319,442	300,087	619,529
Total net position	$ 4,194,767	$ 1,421,320	$ 5,616,087

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, 2021

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	$ 330,176	$ 900	$ 6,634	$ 26,503	$ (296,139)	$ -	$ (296,139)
Judicial	5,872	-	-	-	(5,872)	-	(5,872)
Public safety	529,693	35,733	-	68,151	(425,809)	-	(425,809)
Public works	163,546	-	-	505,843	342,297	-	342,297
Health and welfare	13,270	-	10	68,296	55,036	-	55,036
Culture and recreation	320,385	41,663	-	129,177	(149,545)	-	(149,545)
Interest on long-term debt	5,362	-	-	-	(5,362)	-	(5,362)
Total governmental activities	1,368,304	78,296	6,644	797,970	(485,394)	-	(485,394)
Business-type activities:							
Water and sanitation	511,530	495,018	-	54,748	-	38,236	38,236
Total business-type activities	511,530	495,018	-	54,748	-	38,236	38,236
Total primary government	$ 1,879,834	$ 573,314	$ 6,644	$ 852,718	(485,394)	38,236	(447,158)
General revenues:							
Property taxes					240,239	-	240,239
Vehicle taxes					53,168	-	53,168
Sales taxes					378,610	-	378,610
Franchise taxes					58,781	-	58,781
Insurance premium taxes					141,663	-	141,663
Other taxes					39,941	-	39,941
Unrestricted investment earnings					1,036	93	1,129
Gain on sale of capital assets					16,000	-	16,000
Miscellaneous revenue					32,642	-	32,642
Transfers					35,000	(35,000)	-
Total general revenues and transfers					997,080	(34,907)	962,173
Change in net position					511,686	3,329	515,015
Net position, beginning of year					3,683,081	1,417,991	5,101,072
Net position, end of year					$ 4,194,767	$ 1,421,320	$ 5,616,087

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

CITY OF MOUNT ZION, GEORGIA

Balance Sheet
Governmental Funds
December 31, 2021

ASSETS	General	ARPA	SPLOST	Downtown Development Authority	Total Governmental Funds
Cash	$ 333,771	$ 338,599	$ 403,051	$ 244	$ 1,075,665
Receivables:					
Taxes	132,348	-	-	-	132,348
Accounts	17,426	-	-	-	17,426
Due from other funds	2,531	-	-	-	2,531
Due from other governments	32,353	-	71,141	-	103,494
Prepaid items	19,267	-	-	-	19,267
Total assets	$ 537,696	$ 338,599	$ 474,192	$ 244	$ 1,350,731
LIABILITIES					
Accounts payable	$ 6,113	$ -	$ 11,242	$ -	$ 17,355
Accrued liabilities	5,030	-	-	-	5,030
Due to other funds	67,877	-	2,531	-	70,408
Total liabilities	79,020	-	13,773	-	92,793
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	23,532	-	-	-	23,532
Total deferred inflows of resources	23,532	-	-	-	23,532
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	19,267	-	-	-	19,267
Restricted:					
Capital projects	34,557	338,599	460,419	-	833,575
Housing and development	-	-	-	244	244
Unassigned	381,320	-	-	-	381,320
Total fund balances	435,144	338,599	460,419	244	1,234,406
Total liabilities, deferred inflows of resources and fund balances	$ 537,696	$ 338,599	$ 474,192	$ 244	$ 1,350,731

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, 2021

Total Governmental Fund Balances			$ 1,234,406
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	$ 5,073,793	
	Less accumulated depreciation	(1,780,017)	3,293,776
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
	Property taxes		23,532
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	23,335	
	Deferred inflows related to pension	(4,640)	18,695
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
	Note payable	(136,703)	
	Net pension liability	(79,268)	
	Compensated absences	(44,104)	
	Capital leases	(115,567)	(375,642)
Net position of governmental activities			$ 4,194,767

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, 2021

	General	ARPA	SPLOST	Downtown Development Authority	Total Governmental Funds
REVENUES					
Taxes	$ 917,788	$ -	$ -	$ -	$ 917,788
Licenses and permits	900	-	-	-	900
Intergovernmental	80,582	338,591	378,619	-	797,792
Charges for services	41,663	-	-	-	41,663
Fines and forfeitures	35,733	-	-	-	35,733
Investment income	1,023	8	178	5	1,214
Contributions and donations	6,634	-	-	10	6,644
Miscellaneous revenue	30,997	-	1,645	-	32,642
Total revenues	1,115,320	338,599	380,442	15	1,834,376
EXPENDITURES					
Current:					
General government	305,738	-	-	-	305,738
Judicial	5,872	-	-	-	5,872
Public safety	455,812	-	-	-	455,812
Public works	70,785	-	-	-	70,785
Health and welfare	13,270	-	-	-	13,270
Culture and recreation	248,552	-	-	-	248,552
Capital outlay	-	-	387,401	-	387,401
Debt service:					
Principal	-	-	54,490	18,764	73,254
Interest	-	-	954	4,408	5,362
Total expenditures	1,100,029	-	442,845	23,172	1,566,046
Excess (deficiency) of revenues over (under) expenditures	15,291	338,599	(62,403)	(23,157)	268,330
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	16,000	-	-	-	16,000
Capital lease	-	-	157,744	-	157,744
Transfers in	35,000	-	-	11,586	46,586
Transfers out	-	-	(11,586)	-	(11,586)
Total other financing sources (uses)	51,000	-	146,158	11,586	208,744
Net change in fund balances	66,291	338,599	83,755	(11,571)	477,074
FUND BALANCE, beginning of year	368,853	-	376,664	11,815	757,332
FUND BALANCE, end of year	$ 435,144	$ 338,599	$ 460,419	$ 244	$ 1,234,406

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, 2021

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 477,074
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	$ 337,399	
Depreciation expense	(154,572)	182,827
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		
Transfers to Water and Sanitation Fund		(45,138)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(5,386)	(5,386)
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	54,490	
Notes payable	18,768	(84,486)
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	(5,199)	
Pension expense	(8,006)	(13,205)
Change in net position of governmental activities		$ 511,686

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

CITY OF MOUNT ZION, GEORGIA

Statement of Net Position
Proprietary Fund
December 31, 2021

	Business-type Activities Enterprise Fund Water and Sanitation Fund
ASSETS	
CURRENT ASSETS	
Cash	$ 207,781
Accounts receivable, net of allowances	46,476
Due from other funds	67,877
Prepaid items	9,886
Inventories	30,228
Restricted assets, cash	
Customer deposits	93,257
Capital outlay	1,654
Total current assets	457,159
NON CURRENT ASSETS	
Capital assets:	
Non depreciable	45,138
Depreciable, net of accumulated depreciation	2,662,803
Total capital assets (net of accumulated depreciation)	2,707,941
Total non current assets	2,707,941
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	5,835
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	29,272
Accrued liabilities	2,294
Compensated absences	4,961
Customer deposits, payable with restricted assets	93,257
Notes payable, current portion	76,716
Total current liabilities	206,500
LONG-TERM LIABILITIES	
Compensated absences	11,683
Notes payable	1,509,992
Net pension liability	20,206
Total long-term liabilities	1,541,881
Total liabilities	1,748,381
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	1,234
Total deferred inflows of resources	
NET POSITION	
Net investment in capital assets	1,121,233
Unrestricted	300,087
Total net position	$ 1,421,320

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, 2021

	Business-type Activities
	Enterprise Fund
	Water and Sanitation Fund
OPERATING REVENUES	
Charges for services:	
Water sales	$ 414,214
Other charges	692
Sanitation charges	80,112
Total operating revenues	495,018
OPERATING EXPENSES	
Personnel costs	122,666
Contracted services	45,315
Supplies	226,774
Depreciation	96,506
Total operating expenses	491,261
Operating income	3,757
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenue	9,610
Interest income	93
Interest expense	(20,269)
Total nonoperating revenues (expenses)	(10,566)
Income before capital contributions and transfers	(6,809)
Capital contributions	45,138
Transfer out	(35,000)
Change in net position	3,329
NET POSITION, beginning of year	1,417,991
NET POSITION, end of year	$ 1,421,320

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, 2021

	Business-type Activities Enterprise Fund Water and Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 507,174
Payments to employees	(118,999)
Payments to suppliers for goods and services provided	(291,386)
Net cash provided by operating activities	96,789
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers out	(35,000)
Net cash provided by non-capital financing activities	(35,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Intergovernmental revenue	9,610
Interest paid on capital debt	(20,348)
Purchase of property and equipment	(9,610)
Principal payments on long-term borrowings	(75,763)
Net cash used in capital and related financing activities	(96,111)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	93
Net cash provided by investing activities	93
Net decrease in cash and cash equivalents	(34,229)
Cash and cash equivalents, beginning of year (including restricted cash of $112,071)	336,921
Cash and cash equivalents, end of year (including restricted cash of $94,911)	$ 302,692

CITY OF MOUNT ZION, GEORGIA

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2021

	Business-type Activities Enterprise Fund Water and Sanitation Fund
Reconciliation of operating income to net cash provided by operating activities:	
Net operating income	$ 3,757
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Depreciation	96,506
Decrease in accounts receivable	5,060
Increase in due from other funds	(7,741)
Increase in inventory	(6,527)
Decrease in due from other governments	113,755
Increase in prepaid expenses	(9,886)
Decrease in deferred outflows	4,377
Increase in accounts payable	10,257
Decrease in contracts payable	(25,053)
Decrease in due to other funds	(5,400)
Decrease in accrued liabilities	(72)
Decrease in contracts payable	(88,702)
Decrease in net pension liability	(2,292)
Increase in customer deposits	7,096
Increase in compensated absences	438
Increase in deferred inflows	1,216
Net cash provided by operating activities	$ 96,789

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

Noncash Transactions:

SPLOST Fund purchased capital assets on behalf of the Water and Sanitation Fund	$ 45,138

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

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, 2021.

General government	
City Council	$ 1,002
General administration	75,731
Judicial	
Municipal court	922
Public safety	
Police	83,012
Culture and recreation	
Community events	656
Libraries	1,950

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, 2021, all of the deposits of the City were fully collateralized in accordance with the state statutes.

Note 4. Receivables

Receivables at December 31, 2021, for the City's individual funds, including the applicable allowances for uncollectible accounts are as follows:

	General	Water and Sewerage	Total
Receivables:			
Taxes	$ 134,356	$ -	$ 134,356
Accounts	17,426	66,543	83,969
Gross receivables	151,782	66,543	218,325
Less allowance for uncollectibles	(2,008)	(20,067)	(22,075)
Net total receivables	$ 149,774	$ 46,476	$ 196,250

Property taxes attach as an enforceable lien on property as of January 3, 2021. Taxes are levied on August 15, 2021 and payable on or before December 1, 2021. The City bills and collects its own property taxes. Property taxes levied for the year ending December 31, 2021 and not collected are recorded as receivables, net of estimated uncollectibles.

Amounts due from other governments at December 31, 2021, are broken down as follows:

SPLOST Fund:	
Sales tax collections	
Carroll County Board of Commissioners	$ 71,141
	$ 71,141

Note 5. Capital Assets

Capital asset activity for the year ended December 31, 2021 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	-	142,110	-	(142,110)	-
Total	454,119	142,110	-	(142,110)	454,119
Capital assets, being depreciated:					
Improvements other than buildings	187,294	-	-	-	187,294
Buildings and improvements	2,401,069	-	-	96,972	2,498,041
Infrastructure	1,115,362	-	-	-	1,115,362
Machinery and equipment	333,097	8,645	-	-	341,742
Vehicles	381,359	186,644	(90,768)	-	477,235
Total	4,418,181	195,289	(90,768)	96,972	4,619,674
Less accumulated depreciation for:					
Improvements other than buildings	(107,260)	(3,121)	-	-	(110,381)
Buildings and improvements	(792,611)	(57,003)	-	-	(849,614)
Infrastructure	(342,444)	(22,308)	-	-	(364,752)
Machinery and equipment	(184,311)	(30,402)	-	-	(214,713)
Vehicles	(289,587)	(41,738)	90,768	-	(240,557)
Total	(1,716,213)	(154,572)	90,768	-	(1,780,017)
Total capital assets, being depreciated, net	2,701,968	40,717	-	96,972	2,839,657
Governmental activities capital assets, net	$ 3,156,087	$ 182,827	$ -	$ (45,138)	$ 3,293,776
Business Type activities:					
Capital assets, not being depreciated:					
Construction in progress	$ 559,355	$ 9,610	$ -	$ (523,827)	$ 45,138
Total	559,355	9,610	-	(523,827)	45,138
Capital assets, being depreciated:					
Water system & tower	3,063,524	-	-	568,965	3,632,489
Machinery and equipment	164,475	-	-	-	164,475
Vehicles	26,068	-	-	-	26,068
Total	3,254,067	-	-	568,965	3,823,032
Less accumulated depreciation for:					
Water system & tower	(905,555)	(87,256)	-	-	(992,811)
Machinery and equipment	(132,100)	(9,250)	-	-	(141,350)
Vehicles	(26,068)	-	-	-	(26,068)
Total	(1,063,723)	(96,506)	-	-	(1,160,229)
Total capital assets, being depreciated, net	2,190,344	(96,506)	-	568,965	2,662,803
Business type activities capital assets, net	$ 2,749,699	$ (86,896)	$ -	$ 45,138	$ 2,707,941

Note 5. Capital Assets (Continued)

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

Governmental activities:	
General government	$ 10,797
Public safety	36,074
Public works	38,528
Culture and recreation	69,173
Total depreciation expense - governmental activities	$ 154,572
Business-type activities:	
Water and sewerage	$ 96,506
Total depreciation expense - business-type activities	$ 96,506

Note 6. Long-Term Debt

Long-term liability activity for the year ended December 31, 2021, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Governmental activities:						
Compensated absences	$ 38,905	$ 25,817	$ 20,618	$ 44,104	$ 29,267	$ 14,837
Direct borrowings:						
Capital lease payable	12,313	157,744	54,490	115,567	36,777	78,790
Notes payable	155,471	-	18,768	136,703	19,336	117,367
Governmental activities long-term liabilities	$ 206,689	$ 183,561	$ 93,876	$ 296,374	$ 85,380	$ 210,994
Business-type activities:						
Compensated absences	$ 16,206	$ 4,831	$ 4,393	$ 16,644	$ 4,961	$ 11,683
Direct borrowings:						
Notes payable	1,662,471	-	75,763	1,586,708	76,716	1,509,992
Business-type activities long-term liabilities	$ 1,678,677	$ 4,831	$ 80,156	$ 1,603,352	$ 81,677	$ 1,521,675

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	$ 136,703

Fiscal Year	Principal	Interest	Total
2022	$ 19,336	$ 3,839	$ 23,175
2023	19,926	3,248	23,174
2024	20,533	2,643	23,176
2025	21,154	2,018	23,172
2026	21,800	1,373	23,173
2027-2028	33,954	813	34,767
	$ 136,703	$ 13,934	$ 150,637

Capital Lease Payable. The following is an analysis and debt service requirements of leased assets under capital leases as of December 31, 2021:

	Cost	Amortization Expense	
		Current	Accumulated
Public Safety:			
Vehicles	$ 157,744	$ 10,318	$ 10,318
	$ 157,744	$ 10,318	$ 10,318

Fiscal Year	Principal	Interest	Total
2022	$ 36,777	$ 5,398	$ 42,175
2023	38,496	3,681	42,177
2024	40,294	1,882	42,176
	$ 115,567	$ 10,961	$ 126,528

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, 2021:

Interest Rate	Term (yrs)	Due Date	Monthly Payment	Original Balance	Balance
3.00%	20	2040	34,831	1,245,500	1,586,708
					$ 1,586,708

Fiscal Year	Principal	Interest	Total
2021	$ 76,716	$ 19,395	$ 96,111
2022	77,680	18,431	96,111
2023	78,657	17,454	96,111
2024	79,646	16,465	96,111
2025	80,647	15,464	96,111
2026-2030	418,701	61,855	480,556
2031-2035	445,691	34,866	480,557
2036-2040	328,970	7,421	336,391
	$ 1,586,708	$ 191,351	$ 1,778,059

Note 7. Interfund receivables, payables and transfers

The composition of interfund balances as of December 31, 2021, is as follows:

	Due From		
Due To	General Fund	SPLOST Fund	Water and Sanitation Fund
General Fund	$ -	$ 2,531	$ -
Water and Sanitation Fund	67,877	-	-
Total	$ 67,877	$ 2,531	$ -

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, 2021, is as follows:

Transfers In	Transfers Out	Amount
Downtown Development Authority	Water and Sanitation Fund	$ 11,586
General Fund	Water and Sanitation Fund	35,000

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, 2021, 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	10
Total present value of vested benefits	20
Nonvested benefits	5
Total present value of accrued plan benefits	25

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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021.

Actuarial assumptions. The total pension liability in the January 1, 2021 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, 2021 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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.40%
International Equity	20%	7.05%
Real Estate	10%	4.50%
Global Fixed Income	5%	1.25%
Domestic Fixed Inco	20%	1.15%
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 7.375%. 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, 2019	$ 477,765	$ 366,816	$ 110,949
Changes for the year:			
Service cost	15,160	-	15,160
Interest	36,089	-	36,089
Differences between expected and actual experience	(1,240)	-	(1,240)
Contributions—employer	-	27,990	(27,990)
Net investment income	-	36,852	(36,852)
Benefit payments, including refunds of employee contributions	(7,175)	(7,175)	-
Administrative expense	-	(3,358)	3,358
Other changes	-	-	-
Net changes	42,834	54,309	(11,475)
Balances at September 30, 2020	$ 520,599	$ 421,125	$ 99,474

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	$ 180,365	$ 99,474	$ 32,914

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, 2021, the City recognized pension expense of $38,651. At December 31, 2021, 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	$ 16,407	$ 992
Changes of assumptions	5,754	-
Net difference between projected and actual earnings on pension plan investments	-	4,882
City contributions subsequent to the measurement date	7,009	-
	$ 29,170	$ 5,874

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					
2022	2023	2024	2025	2026	Thereafter
$ 8,863	$ 8,686	$ 817	$ (2,079)	$ -	$ -

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, 2021.

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.

Note 10. Risk Management (Continued):

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 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. Subsequent Event

Subsequent events were evaluated through May 6, 2022, 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, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 770,095	$ 770,095	$ 917,788	$ 147,693
Licenses and permits	800	800	900	100
Intergovernmental	72,500	72,500	80,582	8,082
Charges for services	57,100	57,100	41,663	(15,437)
Fines and forfeitures	35,000	35,000	35,733	733
Contributions and donations	9,000	9,000	6,634	(2,366)
Investment income	-	-	1,023	1,023
Miscellaneous	16,730	16,730	30,997	14,267
Total revenues	961,225	961,225	1,115,320	154,095
EXPENDITURES				
Current:				
General government				
City Council	13,000	13,000	14,002	(1,002)
General administration	216,005	216,005	291,736	(75,731)
Total general government	229,005	229,005	305,738	(76,733)
Judicial				
Municipal court	4,950	4,950	5,872	(922)
Public safety				
Police	372,800	372,800	455,812	(83,012)
Total public safety	372,800	372,800	455,812	(83,012)
Public works				
Highways and streets	95,757	95,757	70,785	24,972
Health and welfare				
Senior citizens	13,500	13,500	13,270	230
Culture and recreation				
Parks	152,098	152,098	139,286	12,812
Community center	57,360	57,360	46,410	10,950
Community events	8,100	8,100	8,756	(656)
Libraries	52,150	52,150	54,100	(1,950)
Total culture and recreation	269,708	269,708	248,552	21,156
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, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
Total expenditures	986,320	986,320	1,100,029	(113,709)
Excess (deficiency) of revenues over (under) expenditures	(25,095)	(25,095)	15,291	40,386
OTHER FINANCING SOURCES				
Transfers in	-	-	35,000	35,000
Proceeds from sale of capital assets	-	-	16,000	16,000
Total other financing sources	-	-	51,000	51,000
Net change in fund balances	(25,095)	(25,095)	66,291	91,386
FUND BALANCE				
Beginning of year	368,853	368,853	368,853	-
End of year	$ 343,758	$ 343,758	$ 435,144	$ 91,386

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

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	$ 15,160	$ 16,808	$ 19,965	$ 16,194	$ 16,587	$ 8,037	$ 7,353
Interest	36,089	31,501	27,594	22,764	20,289	35,254	32,617
Differences between expected and actual experience	(1,240)	18,793	11,086	12,886	(1,890)	(2,440)	13,540
Assumption Changes	-	-	-	-	-	-	(7,104)
Benefit payments, including refunds of employee contributions	(7,175)	(3,741)	(3,053)	(3,053)	(3,053)	(13,012)	(11,761)
Other changes	-	9,332	-	5,439	-	-	-
Net change in total pension liability	42,834	72,693	55,592	54,230	31,933	27,839	34,645
Total Pension Liability							
Beginning of Year	477,765	405,072	349,480	295,250	263,317	461,391	426,746
End of Year(a)	$ 520,599	$ 477,765	$ 405,072	$ 349,480	$ 295,250	$ 489,230	$ 461,391
Plan Fiduciary Net Position							
Contributions - employer	$ 27,990	$ 31,435	$ 25,187	$ 23,901	$ 20,002	$ 18,469	$ 22,044
Contributions - employee	-	-	-	-	-	-	-
Net investments income	36,852	11,271	28,864	35,973	22,293	1,239	39,821
Benefit payments, including refunds of employee contributions	(7,175)	(3,741)	(3,053)	(3,053)	(3,053)	(13,012)	(11,761)
Administrative expense	(3,358)	(3,260)	(3,500)	(3,807)	(1,742)	(5,690)	(5,281)
Net change in fiduciary net pension	54,309	35,705	47,498	53,014	37,500	1,006	44,823
Position							
Beginning of Year	366,816	331,111	283,613	230,599	193,099	454,652	409,829
End of Year(b)	$ 421,125	$ 366,816	$ 331,111	$ 283,613	$ 230,599	$ 455,658	$ 454,652
City's Net Pension Liability(a) - (b)	$ 99,474	$ 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	80.89%	76.78%	81.74%	81.15%	78.10%	93.14%	98.54%
Covered - employee payroll	$ 512,587	$ 367,540	$ 356,495	$ 358,136	$ 305,869	$ 201,013	$ 146,517
City's net pension liability as a percentage of covered employee payroll	19.41%	30.19%	20.75%	18.39%	21.14%	16.70%	4.60%

Schedule of Contributions

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	*	$ 30,534	$ 31,435	$ 25,187	$ 23,901	$ 23,982	$ 19,765
Contributions in relation to the actuarially determined contribution	*	27,990 **	31,435	25,187	23,901	21,632	19,993
Contribution deficiency (excess)	*	2,544	-	-	-	-	-
Covered - employee payroll	*	$ 367,540 ***	$ 356,495	$ 358,136	$ 305,869	$ 201,013	$ 146,517
Contributions as a percentage of covered employee payroll	*	7.62%	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, 2021, 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, 2021.
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 2021, 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, 2021

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	$ 242,916	$ 10,264	$ 253,180
Water-vehicle, equipment, improvements and line extensions	400,000	213,213	59,160	272,373
Community development-beautification and library support	100,000	202,086	11,586	213,672
Public safety-vehicles and equipment	200,000	247,944	89,329	337,273
Roads-paving, repairs and equipment	500,000	60,985	23,962	84,947
General city-equipment, building renovations and ordinance updates	135,000	288,137	102,386	390,523
	$ 1,835,000	$ 1,255,281	$ 296,687	$ 1,551,968

CITY OF MOUNT ZION, GEORGIA

Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2021

2021 Issue - Carroll County, Georgia

Project Description	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
Recreation-vehicles, equipment, and facilities upgrades and improvements	$ 395,700	$ -	$ -	$ -
Water-vehicles and equipment	230,000	-	-	-
Police-vehicles, equipment, and facilities upgrades and improvements	450,000	-	-	-
Roads-vehicles, equipment, and facilities upgrades and improvements	155,000	-	-	-
City Administration - facilities upgrades and improvements	150,000	-	-	-
Economic development	440,000	-	-	-
	$ 1,820,700	$ -	$ -	$ -

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

SPLOST 2015 Issue	$ 296,687
SPLOST 2021 Issue	-
	$ 296,687
SPLOST Fund	
Total Expenditures	$ 442,845
Transfers out **(A)**	11,586
Capital Lease Inception	(157,744)
	$ 296,687

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

COMPLIANCE SECTION

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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, 2021, 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 May 6, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Mount Zion, Georgia's internal control over financial reporting (internal control) as a basis for designing 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified 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 deficiency described in the accompanying schedule of findings and responses as item 21-1 to be a material weakness.

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 deficiency described in the accompanying schedule of findings and responses as item 21-2 to be a significant deficiency.

Report on 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 financial statements. 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 21-3 and 21-4.

City of Mount Zion, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Mount Zion, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Mount Zion, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Will Robinson, CPA, LLC

Carrollton, Georgia
May 6, 2022

CITY OF MOUNT ZION
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2021

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 21-1.

There was one reportable condition deemed to be a significant deficiency and is included in the schedule of Findings and Responses as item 21-2.

There were two reportable conditions deemed to be instances of noncompliance and are included in the Schedule of Findings and Responses as items 21-3 and 21-4.

Federal Awards:

There was not an audit of major federal award programs as of December 31, 2021 due to the total amount expended being less than $750,000.

B. FINDINGS: FINANCIAL STATEMENT AUDIT

21-1 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: Duties are segregated to the extent possible given the limited staff at the present time. The City will continue to segregate duties as staffing allows. All future innovative technologies will be employed to assist the current limited staff.

21-2 Document Retention:

Condition: **This was reported as a prior year finding.** The City did not keep receipt and transaction 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: The City has trained all City employees to follow the City's retention schedule. The City is currently retaining all documents in accordance with the City's retention policy.

Noncompliance

21-3 Budget Administration:

Condition: **This was reported as a prior year finding.** For the year ended December 31, 2021, 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: The City currently utilizes Quick Books Desk Top Pro 2021 for the City's accounting software. The City is working with its current financial consultant to adapt the current accounting software to accommodate the State's Uniform Chart of Accounts.

21-4 Uniform Chart of Accounts:

Condition: **This was reported as a prior year finding.** During the year ended December 31, 2021, 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: The City currently utilizes Quick Books Desk Top Pro 2021 for the City's accounting software. The City is working with its current financial consultant to adapt the current accounting software to accommodate the State's Uniform Chart of Accounts.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There was not an audit of major federal award programs as of December 31, 2021 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, 2020.