CITY OF NICHOLLS

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

City of Nicholls, Georgia
Annual Financial Report
For the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Nicholls, Georgia
Nicholls, Georgia

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nicholls, Georgia as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages xxxxxxx be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the budgetary and pension 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Nicholls, Georgia's basic financial statements. The combining nonmajor fund financial statements and schedule of funding progress are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and schedule of funding progress are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements 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, I have also issued my report dated June 8, 2021 on my consideration of the City of Nicholls, Georgia's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the City of Nicholls, Georgia's internal; control over financial reporting and compliance.

Kim Kimmel CPA

Richland, Georgia
June 8, 2021

Management's Discussion and Analysis

Within this section of the City of Nicholls, Georgia (City) annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the year ended June 30, 2020. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the City's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

FINANCIAL HIGHLIGHTS

The City's total assets exceeded its total liabilities by $10,867,385 (net position) for the year reported. This compares to the previous year when the total assets exceeded the total liabilities by $10,009,244.

Total net position is comprised of the following:

1. Net investment in capital assets, of $7,003,422 include property and equipment, net of accumulated depreciation, and reduced by outstanding debt related to the purchase and construction of capital assets.
2. Net position of $1,469,788 is restricted by constraints imposed upon the City by laws and regulations.
3. Unrestricted net position of $2,394,175 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

The City's governmental funds reported total ending fund balance of $2,675,917. This compares to the prior year ending fund balance, of $2,366,303 showing an increase of $309,614.

At the end of the current period, unassigned fund balance for the General Fund was $1,733,330 or 189% of total General Fund expenditures.

Overall, the City of Nicholls, Georgia, continues to maintain their financial position.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 10-11 provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as trustee or agent for the benefit of those outside of the government.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

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 financial statements is the Statement of Net Position. This is the City-wide statement of position presenting information that includes all 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 to the taxpayer base or the condition of City 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 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.

Governmental activities include general government, judicial, public safety, public works, culture and recreation and housing and development.

The City's financial reporting includes the funds of the City (primary government).

The government-wide financial statements are presented on pages 10-11 of this report.

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 while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

All the funds of The City of Nicholls can be divided into categories: (1) governmental funds and (2) proprietary 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 spending 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 a 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 balance provide a reconciliation to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the required supplementary information for the general fund. Budgetary comparison schedules for special revenue funds and the capital project funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

The City maintains one *proprietary fund.* Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for the Water and Sewer Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered to be a major fund of The City of Nicholls, in the proprietary fund financial 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. The notes to the financial statements are presented on pages 20-41 of this report.

Other information

Required supplementary information and can be found on pages 42-47 of this report.

Major funds are reported in the basic financial statements as discussed. Other supplementary information is presented in a subsequent section of this report on pages 48-50.

Financial Analysis of the City as a Whole

The City's combined net position was $10,867,385 at June 30, 2020. This is an $941,533 increase from last year's net position of $9,925,852. The following table provides a summary of the City's net position:

	City of Nicholls Net Position					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	$ 2,760,636	$ 2,477,504	$ 1,254,041	$ 1,205,678	$ 4,014,677	$ 3,683,182
Capital assets	1,889,495	1,836,809	7,552,812	7,192,689	9,442,307	9,029,498
Total Assets	4,650,131	4,314,313	8,806,853	8,398,367	13,456,984	12,712,680
Deferred outflows of resources	27,258	19,434	17,427	16,830	44,685	36,264
Liabilities:						
Other liabilities	105,400	34,023	186,920	224,879	292,320	258,902
Long-term debt outstanding	-	-	2,312,469	2,402,013	2,312,469	2,402,013
Total Liabilities	105,400	34,023	2,499,389	2,626,892	2,604,789	2,660,915
Deferred inflows of resources	17,992	42,221	11,503	36,564	29,495	78,785
Net Position:						
Net investment in capital assets	1,889,495	1,836,809	5,113,927	4,599,871	7,003,422	6,436,680
Restricted	900,495	778,352	569,293	509,748	1,469,788	1,288,100
Unrestricted	1,764,007	1,642,342	630,168	642,122	2,394,175	2,284,464
Total Net Position	$ 4,553,997	$ 4,257,503	$ 6,313,388	$ 5,751,741	$ 10,867,385	$ 10,009,244

Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2020, assets exceeded liabilities by $10,867,385.
However, much of net position is either restricted as to purpose for which it can be used, or is invested in capital assets.

The largest portion of the City's net position, $7,003,422, represents investment in capital assets. The investment in capital assets includes land, buildings, machinery and equipment, as well as infrastructure acquired in past years. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional $1,469,788 of the City's net position represents resources that are subject to external restrictions on how they are to be used.

Although the net position of our business-type activities represents 58% ($6,313,388) of total net position, these resources cannot be used to add to the net position surplus in governmental activities.

	City of Nicholls Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues						
Charges for services	$ 205,180	$ 214,425	$ 866,208	$ 845,398	$ 1,071,388	$ 1,059,823
Operating Grants and Contributions	90,254	52,106	-	-	90,254	52,106
Capital Grants and Contributions	912,264	292,028	-	-	912,264	292,028
General Revenues						
Property taxes	281,650	381,877	-	-	281,650	381,877
Other taxes	512,107	439,976	-	-	512,107	439,976
Interest	7,202	15,954	4,753	6,369	11,955	22,323
Other revenues	8,367	8,554	-	-	8,367	8,554
Total Revenues	2,017,024	1,404,920	870,961	851,767	2,887,985	2,256,687
Expenses:						
General government	164,281	140,890	-	-	164,281	140,890
Judicial	13,048	11,149	-	-	13,048	11,149
Public safety	403,579	401,464	-	-	403,579	401,464
Public works	315,885	379,406	-	-	315,885	379,406
Culture and recreation	35,589	40,290	-	-	35,589	40,290
Housing and development	6,737	3,156	-	-	6,737	3,156
Water and sewer	-	-	1,007,333	1,034,225	1,007,333	1,034,225
Total Expenses	939,119	976,355	1,007,333	1,034,225	1,946,452	2,010,580
Excess (Deficiency)	1,077,905	428,565	(136,372)	(182,458)	941,533	246,107
Tranfer	(698,019)	(45,354)	698,019	45,354	-	-
Change in net position	379,886	383,211	561,647	(137,104)	941,533	246,107
Beginning net position, restated	4,174,111	3,874,292	5,751,741	5,888,845	9,925,852	9,395,425
Ending net position	$ 4,553,997	$ 4,257,503	$ 6,313,388	$ 5,751,741	$ 10,867,385	$ 9,641,532

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The general fund reported ending fund balances of $1,775,422. Of this year-end total, $1,733,330 is unassigned indicating availability for continuing City service requirements. Nonspendable, restricted and committed fund balances totals $42,092.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets, net of accumulated depreciation, as of June 30, 2020, was $9,442,307. Capital assets include infrastructure, land, land improvements, buildings and machinery and equipment. Approximately 80% of this investment is related to business-type activities and 20% is related to governmental activities.

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

	Capital Assets (Net of accumulated depreciation)					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Non-depreciable assets:						
Land	$ 115,224	$ 103,095	$ 143,374	$ 143,374	$ 258,598	$ 246,469
Construction in progress	-	-	-	45,354	-	45,354
Total non-depreciable assets	$ 115,224	$ 103,095	$ 143,374	$ 188,728	$ 258,598	$ 291,823
Depreciable assets:						
Buildings and improvements	1,427,366	1,410,427	-	-	1,427,366	1,410,427
Machinery and equipment	540,042	529,359	14,285,683	13,542,362	14,825,725	14,071,721
Infrastructure	1,125,307	1,017,540	-	-	1,125,307	1,017,540
Total depreciable assets	3,092,715	2,957,326	14,285,683	13,542,362	17,378,398	16,499,688
Less accumulated depreciation	1,318,444	1,223,612	6,876,246	6,538,402	8,194,690	7,762,014
Book value - depreciable assets	1,774,271	1,733,714	7,409,437	7,003,960	9,183,708	8,737,674
Percentage depreciated	43%	41%	48%	48%	47%	47%
Total Assets	$ 1,889,495	$ 1,836,809	$ 7,552,811	$ 7,192,688	$ 9,442,306	$ 9,029,497

See Note 3-D on pages 29-30 for additional information about the City's capital assets.

Long-term debt

At the end of the year, the City had total debt outstanding of $2,408,686. This total amount is supported by pledged revenues generated primarily by the City's business-type activities.

	Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Net pension liability(surplus)	$ (18,421)	$ (42,451)	$ (11,778)	$ (36,763)	$ (30,199)	$ (79,214)
Notes outstanding	-	-	16,491	80,976	16,491	80,976
Bonds	-	-	2,422,394	2,511,843	2,422,394	2,511,843
Total	$ (18,421)	$ (42,451)	$ 2,427,107	$ 2,556,056	$ 2,408,686	$ 2,513,605

See Note 3-G on pages 31-33 for additional information about the City's long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the year ending June 30, 2021 budget and tax rates. Sales tax, which is the second largest revenue source had a 21.8% increase for the year ended June 30, 2020, when compared to the previous year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment of public accountability. If you have questions about this report or would like to request additional information, contact:

The City of Nicholls Board of Commissioners
707 Van Streat Highway
Nicholls, Georgia 31554
Telephone: (912) 345-2421

BASIC FINANCIAL STATEMENTS

City of Nicholls, Georgia
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 2,506,024	$ 784,168	$ 3,290,192
Property taxes	14,947	-	14,947
Receivables, net	27,450	84,750	112,200
Due from other governments	25,423	-	25,423
Internal balances	185,069	(185,069)	-
Prepaid items	1,723	899	2,622
Restricted assets - cash	-	569,293	569,293
Capital assets, non depreciated	115,224	143,374	258,598
Capital assets, depreciated, net	1,774,271	7,409,438	9,183,709
Total assets	4,650,131	8,806,853	13,456,984
Deferred Outflows of Resources			
Pension	27,258	17,427	44,685
Total deferred outflows of resources	27,258	17,427	44,685
Liabilities			
Accounts payable	20,605	9,826	30,431
Accrued liabilities	49,795	29,261	79,056
Customer deposits	-	33,195	33,195
Notes payable due within one year	-	16,491	16,491
Revenue bonds due within one year	-	98,147	98,147
Other post employement benefits	53,421	-	53,421
Notes payable due in more than one year	-	-	-
Revenue bonds due in more than one year	-	2,324,247	2,324,247
Net pension liability (surplus)	(18,421)	(11,778)	(30,199)
Total liabilities	105,400	2,499,389	2,604,789
Deferred Inflows of Resources			
Pension	17,992	11,503	29,495
Total deferred inflows of resources	17,992	11,503	29,495
Net Position			
Net investment in capital assets	1,889,495	5,113,927	7,003,422
Restricted for:			
Capital projects	900,495	-	900,495
Debt service	-	569,293	569,293
Unrestricted	1,764,007	630,168	2,394,175
Total net position	$ 4,553,997	$ 6,313,388	$ 10,867,385

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

City of Nicholls, Georgia
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services and Fines	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 164,281	$ 16,408	$ -	$ -	$ (147,873)	$ -	$ (147,873)
Judiciary	13,048	-	-	-	(13,048)	-	(13,048)
Public safety	403,579	64,967	-	-	(338,612)	-	(338,612)
Public works	315,885	123,805	90,254	912,264	810,438	-	810,438
Culture and recreation	35,589	-	-	-	(35,589)	-	(35,589)
Housing and development	6,737	-	-	-	(6,737)	-	(6,737)
Total governmental activities	939,119	205,180	90,254	912,264	268,579	-	268,579
Business-type activities:							
Water and sewer	1,007,333	866,208	-	-	-	(141,125)	(141,125)
Total business-type activities	1,007,333	866,208	-	-	-	(141,125)	(141,125)
Total primary government	$ 1,946,452	$ 1,071,388	$ 90,254	$ 912,264	268,579	(141,125)	127,454
General revenues:							
Taxes:							
Property taxes					281,650	-	281,650
Sales taxes					285,996	-	285,996
Insurance premium tax					213,025	-	213,025
Other taxes					13,086	-	13,086
Investment earnings					7,202	4,753	11,955
Miscellaneous					8,367	-	8,367
Total general revenues					809,326	4,753	814,079
Transfers					(698,019)	698,019	-
Total general revenues and transfers					111,307	702,772	814,079
Change in net position					379,886	561,647	941,533
Net position - beginning of year, restated					4,174,111	5,751,741	9,925,852
Net position - end of year					$ 4,553,997	$ 6,313,388	$ 10,867,385

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

City of Nicholls, Georgia
Balance Sheet
Governmental Funds
June 30, 2020

	General	SPLOST 2012	SPLOST 2018	TSPLOST	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 1,605,529	$ 380,504	$ 454,256	$ 65,735	$ 2,506,024
Accounts receivable, net of allowance	27,450	-	-	-	27,450
Taxes receivable	14,947	-	-	-	14,947
Due from other governments	25,423	-	-	-	25,423
Due from other funds	185,069	-	-	-	185,069
Prepaid items	1,723	-	-	-	1,723
Total assets	$ 1,860,141	$ 380,504	$ 454,256	$ 65,735	$ 2,760,636
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 20,605	$ -	$ -	$ -	$ 20,605
Other payables	49,795	-	-	-	49,795
Total liabilities	70,400	-	-	-	70,400
Deferred Inflows of Resources					
Unavailable revenue - property taxes	14,319	-	-	-	14,319
Total deferred inflows of resources	14,319	-	-	-	14,319
Fund Balances					
Nonspendable - prepaid items	1,723	-	-	-	1,723
Restricted for capital projects	-	380,504	454,256	65,735	900,495
Committed for building maintenance	18,417	-	-	-	18,417
Committed for public safety	6,433	-	-	-	6,433
Committed for public works	15,519	-	-	-	15,519
Unassigned	1,733,330	-	-	-	1,733,330
Total fund balances	1,775,422	380,504	454,256	65,735	2,675,917
Total liabilities, deferred inflows of resources and fund balances	$ 1,860,141	$ 380,504	$ 454,256	$ 65,735	$ 2,760,636

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

City of Nicholls, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Governmental Fund Balances		$ 2,675,917
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		
Cost of capital assets	$ 3,207,939	
Less accumulated depreciation	(1,318,444)	1,889,495
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes		14,319
Deferred outflows of resources are not due and payable in the current period and therefore are not reported in the funds. The deferred outflows of resources consist of pension related differences between projected and actual earnings on plan investments.		27,258
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability		18,421
Net other post employement benefits		(53,421)
Deferred inflows of resources are not available to pay for current period expenditures and therefore are not reported in the funds. These deferred inflows of resources consist of pension related experience differences.		(17,992)
Net Position of Governmental Activities		$ 4,553,997

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

City of Nicholls, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General	SPLOST 2012	SPLOST 2018	T SPLOST	Total Governmental Funds
Revenues					
Taxes	$ 792,741	$ -	$ -	$ -	$ 792,741
Licenses and permits	16,408	-	-	-	16,408
Intergovernmental	90,254	-	867,503	40,119	997,876
Charges for services	123,805	-	-	-	123,805
Fines and forfeitures	64,967	-	-	-	64,967
Investment earnings	7,202	2,582	2,060	-	11,844
Miscellaneous	8,294	-	-	-	8,294
Total revenues	1,103,671	2,582	869,563	40,119	2,015,935
Expenditures:					
Current:					
General government	161,953	-	-	-	161,953
Judiciary	13,048	-	-	-	13,048
Public safety	370,438	-	-	-	370,438
Public works	339,427	-	-	-	339,427
Culture and recreation	12,368	-	-	-	12,368
Housing and development	18,866	-	-	-	18,866
Capital outlay	-	64,518	27,656	28	92,174
Total expenditures	916,100	64,518	27,656	28	1,008,302
Excess (deficiency) of revenues over expenditures	187,571	(61,936)	841,907	40,091	1,007,633
Other Financing Sources (Uses):					
Transfers out	(100)	(32,706)	(665,213)	-	(698,019)
Total Other Financing Sources (Uses):	(100)	(32,706)	(665,213)	-	(698,019)
Net change in fund balances	187,471	(94,642)	176,694	40,091	309,614
Fund balances, beginning of year, restated	1,587,951	475,146	277,562	25,644	2,366,303
Fund balances, end of year	$ 1,775,422	$ 380,504	$ 454,256	$ 65,735	$ 2,675,917

City of Nicholls, Georgia
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Government-Wide Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds		$ 309,614
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which the capitalized capital outlays exceeded depreciation expense in the current period.		
Depreciation expense	$ (94,832)	
Capital outlay	147,518	52,686
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues at the fund financial reporting level.		
Property taxes:		
Deferred at 06/30/19	$ (13,303)	
Deferred at 06/30/20	14,319	1,016
Pension contributions reported as expenditures in the governmental funds are reported as deferred outflows of resources in the statement of net position because the net pension liability is measured prior to the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities		8,022
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:		
Change in other post employment benefits		8,548
Change in Net Position of Governmental Activities		$ 379,886

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

City of Nicholls, Georgia
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Government-Wide Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds		$ 309,614
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Change in Net Position of Governmental Activities		$ 379,886

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

City of Nicholls, Georgia
Proprietary Funds
Statement of Net Position
June 30, 2020

	Business-Type Activities	
	Water and Sewer	Total
ASSETS:		
Current Assets:		
Cash and cash equivalents	$ 784,168	$ 784,168
Restricted investments	569,293	569,293
Accounts receivable, net	84,750	84,750
Prepaid items	899	899
Total current assets	1,439,110	1,439,110
Noncurrent Assets:		
Capital assets:		
Land	143,374	143,374
Water and sewer system, net	7,407,675	7,407,675
Machinery and equipment, net	1,763	1,763
Total noncurrent assets	7,552,812	7,552,812
TOTAL ASSETS	8,991,922	8,991,922
DEFERRED OUTFLOWS OF RESOURCES-		
Pensions	17,427	17,427
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	9,009,349	9,009,349

The notes to the financial statements are an integral part of this statement

City of Nicholls, Georgia
Proprietary Funds
Statement of Net Position
June 30, 2020

	Business-Type Activities	
	Water and Sewer	Total
LIABILITIES:		
Current Liabilities:		
Accounts payable	9,826	9,826
Accrued liabilities	27,942	27,942
Due other funds	185,069	185,069
Total	222,837	222,837
Current Liabilities (payable from restricted assets)-		
Accrued interest	1,319	1,319
Note payable, current	16,491	16,491
Revenue bonds payable, current	98,147	98,147
Customer deposits	33,195	33,195
Total Current Liabilities (payable from restricted assets)	149,152	149,152
Total current liabilities	371,989	371,989
Noncurrent Liabilities:		
Note payable, net of current portion	-	-
Revenue bonds payable, net of current portion	2,324,247	2,324,247
Net pension liability	(11,778)	(11,778)
Total noncurrent liabilities	2,312,469	2,312,469
TOTAL LIABILITIES	2,684,458	2,684,458
DEFERRED INFLOWS OF RESOURCES-		
Pensions	11,503	11,503
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,695,961	2,695,961
NET POSITION		
Net investment in capital assets	5,113,927	5,113,927
Restricted for debt service	569,293	569,293
Unrestricted	630,168	630,168
TOTAL NET POSITION	$ 6,313,388	$ 6,313,388

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

City of Nicholls, Georgia
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Total
Operating revenues		
Water billings	$ 414,474	$ 414,474
Sewer billings	451,734	451,734
Total operating revenues	866,208	866,208
Operating expenses		
Salaries and wages	192,099	192,099
Group insurance	60,399	60,399
Payroll taxes	12,799	12,799
Retirement contributions	2,156	2,156
Employee benefits	1,510	1,510
Insurance	14,905	14,905
Communications	1,842	1,842
Advertising	613	613
Professional services	10,745	10,745
Repairs and maintenance	134,367	134,367
Water testing and fees	21,083	21,083
Office supplies	8,776	8,776
Operating supplies	7,467	7,467
Utilities	79,099	79,099
Vehicle Operations	7,876	7,876
Depreciation	337,844	337,844
Total operating expenses	893,580	893,580
Operating Income (Loss)	(27,372)	(27,372)
Non-operating revenues (expenses):		
Interest expense	(113,753)	(113,753)
Interest income	4,753	4,753
Total non-operating revenues (expenses)	(109,000)	(109,000)
Income before other financing sources	(136,372)	(136,372)
Transfers in	698,019	698,019
Change in net position	561,647	561,647
Net position, beginning of year	5,751,741	5,751,741
Net position, end of year	$ 6,313,388	$ 6,313,388

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

City of Nicholls, Georgia
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Total
Cash Flows from Operating Activities		
Cash received from customers	$ 865,883	$ 865,883
Cash payments to suppliers for goods and services	(286,713)	(286,713)
Cash payments to employees for services	(266,679)	(266,679)
Receipt of customer deposits, net	2,000	2,000
Net cash provided (used) by operating activities	314,491	314,491
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(697,967)	(697,967)
Transfer from other funds	698,020	698,020
Principal paid on capital debt	(153,933)	(153,933)
Interest paid on capital debt	(114,527)	(114,527)
Net cash used by capital and related financing activities	(268,407)	(268,407)
Cash Flows from Investing Activities		
Interest on cash and cash equivalents	4,753	4,753
Net cash provided by investing activities	4,753	4,753
Net increase (decrease) in cash	50,837	50,837
Cash, beginning of year	1,302,624	1,302,624
Cash, end of year	$ 1,353,461	$ 1,353,461
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	$ (27,373)	$ (27,373)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	337,844	337,844
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables, net	2,501	2,501
Prepaid items	(30)	(30)
Deferred outflows of resources	(597)	(597)
Increase (decrease) in:		
Accounts payable	61	61
Accrued liabilities	158	158
Customer deposits payable	2,000	2,000
Net pension liability	24,985	24,985
Deferred inflows of resources	(25,058)	(25,058)
Net cash provided by (used in) operating activities	$ 314,491	$ 314,491

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

City of Nicholls, Georgia
Notes to Financial Statements
For the Year Ended June 30, 2020

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Nicholls, Georgia was incorporated under the laws of the State of Georgia, and operates under a mayor-council form of government. The Mayor and a five-member council govern the City and are elected to four-year terms.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City does not follow subsequent private-sector guidance for its enterprise fund.

The more significant of the City's accounting policies are described below.

1-A. Reporting Entity

The financial reporting entity consists of the primary government and other organizations that are included to insure that the financial statements to be misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources: The City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provided financial support to, the organization; or the City is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

Based upon the above criteria for component units, the City has no component units that should be discretely presented.

Related Organizations – The following is a related organization for which the City appoints one or more of the Board of Directors but it does not meet any of the reporting entity criteria:

- Southern Georgia Regional Commission

Joint Ventures – The City participates in the following joint venture:

Southern Georgia Regional Commission (SGRC) - The City, in conjunction with cities and counties in the eighteen county South Georgia area are members of the Southern Georgia Regional Commission (SGRC). Membership in a regional commission (RC) is automatic for each municipality and county in the state. The Official Code of Georgia Annotated Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The SGRC council membership includes the chief elected official of each county and the chief elected official of one municipality in each county. Additional council members are appointed from the region by the Governor, Lieutenant Governor and the Speaker of the House of Representatives. Separate financial statements are available at the following address: Southern Georgia Regional Commission. 327 West Savannah Avenue, Valdosta, GA 31503, or by calling 229-333-5277.

1-B. Basis of Presentation

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally 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 Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City does not allocate indirect expenses to functions in the statement of activities.

Fund Financial Statements – During the year, he City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental funds are reported as separate columns.

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

Governmental Funds - Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The City has the following major governmental funds:

General Fund - The General Fund is the main operating fund of the City. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.
2012 SPLOST Fund – The 2012 SPLOST Fund is used to account for the collection and disbursement of the 2012 1% Special Local Option Sales Tax (SPLOST) funds to be used for the acquisition of equipment or construction of major capital facilities or infrastructure and other projects.
2018 SPLOST Fund – The 2018 SPLOST Fund is used to account for the collection and disbursement of the 2018 1% Special Local Option Sales Tax (SPLOST) funds to be used for the acquisition of equipment or construction of major capital facilities or infrastructure and other projects.
TSPLOST Fund – The TSPLOST Fund is used to account for the collection and disbursement of Transportation Special Local Option Sales Tax (TSPLOST) funds to be used to fund transportation related projects.

Proprietary Funds - Proprietary Funds are accounted for using economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, changes in net position and cash flows. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary fund:

Water and Sewer Fund – The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental fund financial statements are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

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

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. The proprietary fund uses the accrual basis of accounting at both reporting levels. Fiduciary funds are reported on the accrual basis at the fund reporting level. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues – Non - exchange Transactions – Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 3-C). Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, charges for services and federal and state grants.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On both the government-fund financial statements and the government-wide financial statements, revenues are deferred for:

- Grants and entitlements received before the eligibility requirements are met (e.g., cash advances).

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1. Cash, Cash Equivalents, and Investments

The City has defined cash and cash equivalents to include cash on hand, demand deposits, amounts with fiscal agents and investments with an original maturity of three months or less. Time deposits are classified as cash and cash equivalents without regard to maturity date.

The City, during the year, invested funds in demand deposits of local banks**.** Investments are stated at cost.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or any other states
- Obligation of the Unites States Government
- Obligations fully insured or guaranteed by the United States Government or Government Agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

1-E-2. Receivables

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

1-E-3. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental activities column of the statement of net position.

1-E-4. Consumable Inventories

The costs of inventories are recorded as expenditures when purchased in all funds. The costs of inventories at year end, if any, are not considered material to the financial statements.

1-E-5. Prepaid Items

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed. At the fund reporting level, an equal amount of the fund balance is reserved, as this amount is not available for general appropriations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-E-6. Restricted Assets

Proceeds from certain revenues and other resources in the Water and Sewer Fund, Special Revenue Funds and Capital Project Funds are classified as restricted assets on the balance sheet because their use has been restricted by the City Council, applicable statutes or agreements.

1-E-7. Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Capital assets purchased by the government fund types are recorded as expenditures at the time of purchase. Such assets are capitalized at cost if a unit cost is $5,000 or more in the general capital assets. The City's policy is to capitalize significant interest costs incurred during construction as a part of the cost of capital assets. Gifts or contributions are recorded at their estimated fair market value on the date donated. The City's infrastructure consists of streets and related costs. The City is currently recording new infrastructure items as they are completed. The City is not required to retroactively report any infrastructure acquired prior to fiscal years ended June 30, 1980 and has therefore not done so.

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

Depreciation on all assets is provided using the straight-line method over the following estimated useful lives:

Assets	Years
Primary Government:	
Buildings	25-50
Water and sewer system	10-40
Improvements	25
Equipment, vehicles and furniture	7-10
Infrastructure	25-50

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-8. Compensated Absences

Full-time, permanent employees are granted vacation benefits to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, after one year of service, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination.

The estimated current portion of the liability for vested vacation and sick leave benefits attributable to the City's governmental funds is recorded as an expenditure and liability in the respective funds. The amounts attributable to the proprietary fund are charged to expense and a corresponding liability.

1-E-9. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Notes are recognized as a liability in the governmental fund financial statements when due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-E-10. Deferred Inflows/Outflows

In addition to assets, the statement of net 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 future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The City did not have any items that qualify for reporting in this category for the year ended June 30, 2020 with the exception of the pension items discussed below.

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

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

1-E-11. 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 – Fund balances may be classified as follows:

- ***Nonspendable*** – Fund balances are reported as Nonspendable when amounts cannot be spent because they are either (a) not in a 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 Council 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 a motion. The fund balance must result from a specific revenue stream committed for a specific purpose. Only the City Council may modify or rescind the commitment.
- ***Assigned*** – Fund balances are reported as assigned when amounts are restrained by the City Councils intent to be used for specific purposes, but are neither restricted nor committed. By motion, only the City Council can authorize an assignment of fund balances. Also, any of the fund balance reported at year-end that is included in the subsequent years' budget is reported as assigned.
- ***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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Flow Assumptions – In order to report net position as restricted – net position and an unrestricted – net position of the government-wide and proprietary fund financial statements, the City has established a flow assumption policy. It is the City's policy to use restricted – net position first before using unrestricted – net position.

Fund Balance Flow Assumptions – It is the City's policy to consider restricted fund balance to have been used before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. The net invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment amount is also adjusted by any bond issuance deferral amounts. Net position is 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. All other net position is reported as unrestricted.

1-E-12. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the City, those revenues are charges for services for providing water and sewer services. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund. Nonoperating revenues are investment earnings and operating grants. Nonoperating expenses include the loss on the disposition of capital assets.

1-E-13. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and in the after non-operating revenues/expenses section in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between funds reported in the governmental activities column are eliminated.

1-E-14. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Accordingly, actual results could differ from those estimates.

1-E-15. Comparative Data

Comparative total data for the prior year have been presented only for individual in the financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A. Budgetary Information – The City adopts an annual operating budget for all governmental funds except the capital projects funds, which have an adopted annual budget. The budget resolution reflects the total of each department's appropriation in each fund.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles with the exception of the capital projects funds, which have project length budgets, rather than annual budgets.

The appropriated budget is prepared by fund, function, and department. The Mayor may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not exceed appropriations) is the department level. The council did make supplementary budget appropriations during the year.

The original 2020 budget was amended during the year. All unexpended annual appropriations lapse at year-end.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

3-A. Deposits

Deposits – The City's cash and investment policy limits deposits to demand and money market accounts and time deposits at local banks. The City's deposits shall be secured by Federal Depositary Insurance Corporation (FDIC) coverage and/or bank pledges. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

Custodial Credit Risk – Deposits - The custodial credit risk for deposits is the risk that, in the event of bank failure, the City's deposits may not be recovered.

As of June 30, 2020, all of the City's deposits were covered either by FDIC coverage or collateralized by the financial institution or a combination of the two. At year-end the bank balances of the City's demand and time deposits were $3,859,485 and the carrying amount was $3,894,685.

Cash and cash equivalents reconciliation:

	Cash and Cash Equivalents
Fund Reporting Level:	
Governmental Funds - Balance Sheet	$ 2,506,024
Proprietary Fund Type Statement of Net Assets	1,353,461
Total	$ 3,859,485

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

3-B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate including the applicable allowance for uncollectible accounts are as follows:

	Taxes	Accounts	Inter-governmental	Gross Receivables	Less: Allowance for Uncollectibles	Net Receivables
General	$ 14,947	$ 30,179	$ 25,423	$ 70,549	$ (2,729)	$ 67,820
Water and sewer	-	94,167	-	94,167	(9,417)	84,750
Total	14,947	124,346	25,423	164,716	$ (12,146)	$ 152,570
Less allowance for uncollectibles	-	(12,146)	-	(12,146)		
Net receivables	$ 14,947	$ 112,200	$ 25,423	$ 152,570		

3-C. Property Taxes

The major receivable of the County is property taxes receivable. Property is appraised and a lien on such property becomes enforceable 60 days after the final notification of delinquency of property taxes. Property tax millage rates are usually adopted in September and tax bill are rendered in October.
The City's property tax calendar for 2019 was as follows:
Property taxes attached as an enforceable lien on property as of January 1, 2019. The tax levy was approved on September 8, 2019. Taxes became due on December 20, 2019 and became delinquent on January 15, 2020.

3-D. Capital Assets

Governmental Activities:

	Balance 6/30/2019	Additions	Deductions	Balance 6/30/2020
Capital assets, not being depreciated				
Land	$ 103,095	$ 12,129	$ -	$ 115,224
Total capital assets, not being depreciated	103,095	12,129	-	115,224
Depreciable capital assets				
Building and improvements	1,410,427	16,939	-	1,427,366
Machinery and equipment	529,359	10,683	-	540,042
Infrastructure	1,017,540	107,767	-	1,125,307
Total depreciable capital assets	2,957,326	135,389	-	3,092,715
Total capital assets	3,060,421	147,518	-	3,207,939
Less accumulated depreciation:				
Buildings and improvements	669,778	35,139	-	704,917
Machinery and equipment	369,971	34,129	-	404,100
Infrastructure	183,863	25,564	-	209,427
Total accumulated depreciation	1,223,612	94,832	-	1,318,444
Governmental activities capital assets, net	$ 1,836,809	$ 52,686	$ -	$ 1,889,495

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to governmental activities as follows:

Governmental activities depreciation expense:	
General government	$ 3,515
Public safety	38,329
Public works	29,767
Culture and recreation	23,221
Total	$ 94,832

Business Type Activities:

	Balance 6/30/2019	Additions	Deductions	Balance 6/30/2020
Capital assets, not being depreciated				
Land	$ 143,374	$ -	$ -	$ 143,374
Construction in progress	45,354	-	45,354	-
Total capital assets, not being depreciated	188,728	-	45,354	143,374
Depreciable capital assets:				
Water and sewer system	13,389,866	743,321	-	14,133,187
Machinery and equipment	152,496	-	-	152,496
Total capital assets, being depreciated	13,542,362	743,321	-	14,285,683
Total capital assets	13,731,090	743,321	45,354	14,429,057
Less accumulated depreciation:				
Water and sewer system	6,389,217	336,295	-	6,725,512
Machinery and equipment	149,185	1,549	-	150,734
Total accumulated depreciation	6,538,402	337,844	-	6,876,246
Business-type activities capital assets, net	$ 7,192,688	$ 405,477	$ 45,354	$ 7,552,811

3-E. Interfund Receivables, Payables and Transfers

Interfund Balances – Interfund balances at June 30, 2020, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenses occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made.

Payable to:	Payable from: Water and sewer fund
General fund	$ 185,069

The SPLOST 2012 and 2018 capital projects funds transferred $32,706 and $665,213., respectively to the water and sewer enterprise fund for construction costs.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

3-F. Short-term Debt

The City did not incur any short-term debt during the year.

3-G. Long-term Debt

Business-type Activities – The City has two Water and Sewer revenue bonds outstanding and a note payable outstanding at June 30, 2020 for its business-type activities.

Water and Sewer Revenue Bonds:

1981 Series:
On October 9, 1981, Water Revenue bonds were issued in the amount of $359,000 for the purpose of financing the cost of acquiring and constructing additions, extensions and improvements to its water system. The bonds are secured by a lien on and a pledge of the net revenues derived from its water and sewer system.

The bonds are being amortized with an annual installment of principal and interest, ranging in amounts from $20,200 to $24,150, at an interest rate of 5.0% per annum. Payments began December 1, 1981 and will end on December 1, 2020.

The revenue bond ordinance requires that certain funds or accounts be maintained. These accounts are the water revenue fund and water sinking fund. The revenue fund is to be used to deposit all revenues arising from the operations of the system. The water sinking fund is to be used for the annual accumulation of monies for the purpose of creating and maintaining a reserve equal to one annual principal and interest payment. At June 30, 2020 the water sinking fund account had a balance of $73,618.

There are several restrictions contained in the bond ordinance of the City's Water Bonds. The City is in general compliance with all significant limitations and restrictions.

2000 Series:
On August 28, 2000, Water and Sewer Revenue bonds were issued in the amount of $3,333,000. The purposes of the bonds are to provide for the acquisition, construction and installation of additions and improvements to the existing water and sewerage system of the City.

The bonds are to be amortized with a monthly installment of principal and interest in the amount of $15,132 at an interest rate of 4.5% per annum. Payments began August 28, 2001 and will end on August 28, 2040.

The bond ordinance provides for prescribing and revising rates and for collecting fees and charges for the services, facilities and commodities to be furnished by the system and all additions, extensions and improvements thereto, sufficient to provide funds (a) to pay the cost of maintaining, repairing, operating and insuring the System, (b) to pay the principal and interest on the City of Nicholls Water and Sewerage Revenue Bonds, Series 2000, including the reserves therefore, as the same become due and payable, (c) to pay the principal of and interest on this bond as the same become due and payable in the current sinking fund year, and to create and maintain a reserve to pay the same, (d) to maintain the Renewal and Extension Fund, and (e) to create a reserve for extensions and improvements to the System if one is desired and approved in accordance with the Ordinance.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Annual debt service requirements for the two Water and Sewer revenue bonds as of June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	98,256	107,478	205,734
2022	78,599	102,985	181,584
2023	82,210	99,374	181,584
2024	85,724	95,860	181,584
2025	89,925	91,659	181,584
2026-2030	515,286	392,634	907,920
2031-2035	645,086	262,834	907,920
2036-2040	807,579	100,341	907,920
2041-2045	19,729	91	19,820
	$ 2,422,394	$ 1,253,256	$ 3,675,650

Note Payable – Georgia Environmental Facilities Authority

The City obtained a loan from the Georgia Environmental Facilities Authority on March 01, 2002 in the amount of $870,918. The note proceeds were used for water system improvements. The note carries a 4.1% interest rate and is due in quarterly installments of $16,707 with the final installment due on September 1, 2020 in the amount of $16,661. Annual debt service requirements for this note payable as of June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	16,491	170	16,661
	$ 16,491	$ 170	$ 16,661

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended June 30, 2020:

	Outstanding 6/30/2019	Additions	Reductions	Outstanding 6/30/2020	Due Within One Year
Governmental Activities					
Net pension liability (surplus)	$ (42,451)	$ 29,505	$ (5,475)	$ (18,421)	$ -
Total Governmental Activities	$ (42,451)	$ 29,505	$ (5,475)	$ (18,421)	$ -

	Outstanding 6/30/2019	Additions	Reductions	Outstanding 6/30/2020	Amounts Due Within One Year
Business-type Activities					
Major Enterprise Fund					
Water and Sewer Fund:					
1981 Series	$ 41,000	$ -	$ (18,000)	$ 23,000	$ 23,000
2000 Series	2,470,843	-	(71,449)	2,399,394	75,147
Note Payable	80,976	-	(64,485)	16,491	16,491
Net pension liability (surplus)	(36,764)	65,671	(40,685)	(11,778)	-
Total Business-type Activities	$ 2,556,055	$ 65,671	$ (194,619)	$ 2,427,107	$ 114,638

3-H. Net Investment in Capital Assets

The "net investment in capital assets" reported on the government-wide statement of net position as of June 30, 2020 are as follows:

	Governmental Activities	Business-Type Activities
Cost of capital assets	$ 3,207,939	$ 14,429,057
Less accumulated depreciation	1,318,444	6,876,245
Book value	1,889,495	7,552,812
Less capital related debt	-	2,438,885
Invested in capital assets, net of related debt	$ 1,889,495	$ 5,113,927

NOTE 4 - OTHER INFORMATION

4-A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. The City maintains property, liability, automobile and fidelity coverage.

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.

For its workers compensation coverage, the City is a member of the Georgia Municipal Association of Workers' Compensation Self Insurance Fund. The fund operates under the authority of O.C.G.A. 34-9-150 et Seq. The City pays into the fund its share of the fund's projected obligation for workers' compensation liability, administrative expenses, and other costs incurred by the fund. The City's share is adjusted by the board of the fund according to the claims experience of each participating member in accordance with criteria set forth in the bylaws of the fund. The fund makes payments to the employees of the members for workers compensation benefits pursuant to and in accordance with the claims procedures set forth in title 34, chapter 9 of O.C.G.A. The City is jointly and severally liable for all legal obligations of the fund, including, but not limited to, any obligations of the fund to pay claims against the fund arising out of any occurrence, incident, or accident covered under title 34, chapter 9 of O.C.G.A.

4-B. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various legal proceedings and litigations arising in the normal course of operations. Although the outcome of these proceedings is not presently determinable, in the opinion of the city attorney, the resolution of these matters will not have a material adverse effect of the financial condition of the City.

4-C. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the eighteen county south Georgia area, is a member of the Southern Georgia Regional Commission (SGRC) and is required to pay annual dues thereto. During the year ended June 30, 2020 the city paid $3,578 in such dues. Membership in the SGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provided for the organizational structure of the Regional Commissions (RC) in Georgia. The RC Board membership included elected officials from member counties and cities and nonpublic appointed members. The law defines regional commissions (RC) as "public agencies and instrumentalities of their members". Georgia law also provides that member governments are liable for any debts or obligations of an RC beyond its resources. Separate financial statements may be obtained from:

Southern Georgia Regional Commission
1725 South Georgia Parkway
Waycross, Georgia 31503

NOTE 4 - OTHER INFORMATION (Continued)

4-D. Employee Retirement System

A. Plan Description

The City's defined benefit plan, City of Nicholls Retirement Plan, is administered through the Board of Trustees of the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple employer pension fund. The plan was established by a City ordinance under authority of Georgia law. The City has the right to establish and amend the benefit provisions of the plan. These amendments become effective once approved by the Board of Trustees of GMEBS. The GMEBS issues a publicly available financial report that includes financial statements and required supplemental information for GMEBS. That report may be obtained at City Hall of Nicholls, Georgia, or by contacting the Georgia Municipal Association Risk Management and Employee Benefit Services, 201 Pryor Street, S.W., Atlanta, Georgia 30303-3606.

The plan provides benefits upon retirement, death, disablement, and termination of employment to plan participants and beneficiaries, if certain eligibility conditions are met. All full-time employees are eligible for the plan with no waiting period beginning January 2015. Benefits vest after completing five years of service. Elected officials are not covered by the plan. Employees who retire after age 65 with 5 years of service or after age 55 with 10 years of credited service are entitled to a retirement benefit. The plan defines a full-time employee as one working at least 35 hours per week. Retirement benefits are 1.5% of final average earnings. Final average earnings are an average of the 5 highest consecutive years' earnings.

Participants in the plan consisted of the following at January 1, 2020, the date of the latest actuarial valuation:

Retired participants or beneficiaries currently receiving benefits	3
Vested former participants entitled but not yet receiving benefits	3
Active employees	9
Total	15

Contributions. Contributions are determined under the projected unit credit actuarial cost method. The GMEBS Board of Trustees has adopted an actual funding policy for determination of annual contributions. The recommended contribution for the City of Nicholls, Georgia for the actuarial period ended June 30, 2021 was $25,559, which was 6.35% of expected payroll of covered employees. The City's contribution to the Plan totaled $15,527 for the year ended June 30, 2020.

B. Net Pension Liability

The City's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumption and actuarial cost method. The mortality and economic actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019. The actuarial cost method used is the entry age method.

Actuarial assumptions:

Inflation	2.25%
Salary increases	3.00% to 8.5% based on years of service
Investment rate of return	7.375%
Post-retirement benefit increases	Not applicable

NOTE 4 - OTHER INFORMATION (Continued)

Mortality rates were based on the following:

Healthy:	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
Disabled:	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
Plan termination basis (all lives):	1994 Group Annuity Reserving Unisex Table

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 pension plan's target asset allocation as of March 31, 2019 are summarized in the following table:

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

Discount rate. The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. 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.

NOTE 4 - OTHER INFORMATION (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	$ 657,661	$ 736,876	$ (79,215)
Changes for the year:			
Service cost	15,126	-	15,126
Interest	49,559	-	49,559
Differences between expected and actual experience	(9,368)	-	(9,368)
Contributions - employer	-	15,091	(15,091)
Contributions - employee	-	-	-
Net investment income	-	21,701	(21,701)
Benefit payments, including refunds of employee contributions	(23,995)	(23,995)	-
Administrative expenses	-	(3,372)	3,372
Other	27,119	-	27,119
Net changes	58,441	9,425	49,016
Balances at June 30, 2020	$ 716,102	$ 746,301	$ (30,199)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents 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 one percentage point lower (6.375%) of one percentage point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount (7.375%)	1% Increase (8.375%)
Net pension liability	$ 39,862	$ (30,199)	$ (89,911)

Changes of Assumptions

Amounts reported for the fiscal year ending 2020 and later reflect the following assumption changes bases on an actuarial study conducted in November and December of 2019:

The investment return was decreased from 7.50% to 7.375%.

The inflation assumption was decreased from 2.75% to 2.25%

Benefit Changes

There were no changes in benefit provisions in the last two fiscal years.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS Retirement Trust financial report. The Georgia Municipal Employee Benefit System issues a publicly available financial report that includes financial statements and required supplementary information of GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303-3606 or by calling 404-688-0472. The plan's fiduciary net position has been determined on the same basis as that used by the plan.

NOTE 4 - OTHER INFORMATION (Continued)

The GMEBS's financial statements are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which the contributions are received. Investment income is recognized as earned by the GMEBS. The net appreciation (depreciation) in the fair value of investments held by the GMEBS is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the Statement of Net Position. Plan refunds, transfers and benefits to participants are recorded as they are received or paid. Other expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments are reported at fair value as of the Statement of Net Position date.

Investments of the System consist of common and preferred stocks, corporate fixed income securities, equity and fixed income mutual funds, governmental and governmental agency securities, and real estate. There are no investments in any one organization other than the securities guaranteed by the U.S. government that represent five percent or more of plan net position. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in real estate funds are valued based on appraisals and valuations prepared by American Realty Advisors. Temporary cash and cash equivalent investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair values.

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

Service cost	$ 15,126
Interest in TPL	49,559
Administrative expenses	3,372
Expected return on assets	(54,805)
Expensed portion of current year period differences between expected and actual experience in TPL	(2,342)
Expensed portion of current year period assumption changes	6,779
Expensed portion of current year period differences between projected and actual investment earnings	6,620
Current year recognition of deferred inflows and outflows established in prior years	(17,477)
Total expense	$ 6,832

For the year ended June 30, 2020, the City recognized pension expense of $15,527. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,070	$ (25,280)
Contribution made subsequent to the measurement date	11,645	-
Changes of assumptions	22,970	-
Net difference between projected and actual earnings of pension plan investments	-	(4,215)
Total	$ 44,685	$ (29,495)

NOTE 4 - OTHER INFORMATION (Continued)

Deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2021	532
2022	277
2023	7,760
2024	6,621
Total	$ 15,190

The following table provides detail regarding the deferred outflows and inflows of resources on the government-wide statement of net position for governmental activities and business-type activities, and on the proprietary funds statement of net position for the water and sewer fund.

	Governmental Activities	Business-Type Activities	Water and Sewer Fund
Deferred Outflows:			
Pensions:			
Differences between expected and actual experience	$ 6,143	$ 3,927	$ 3,927
Contributions made subsequent to the measurement date	7,103	4,542	4,542
Changes of assumptions	14,012	8,958	8,958
Net difference between projected and actual earnings of pension plan investments	-	-	-
Total deferred outflows	$ 27,258	$ 17,427	$ 17,427
Deferred Inflows:			
Pensions:			
Differences between expected and actual experience	$ (15,421)	$ (9,859)	$ (9,859)
Net difference between projected and actual earnings of pension plan investments	(2,571)	(1,644)	(1,644)
Total deferred inflows	$ (17,992)	$ (11,503)	$ (11,503)

4-E. Special Purpose Local Option Sales Tax (SPLOST)

On March 15, 2011, Coffee County voters approved a referendum imposing a special one percent retail sales and use tax for a limited period of time of six years to collect an estimated $33,000,000 from the imposition date of April 1, 2012. The City of Nicholls was to be allocated 3.41% of the sales tax collected. This revenue is reported in the 2012 SPLOST special revenue fund. The purpose is to fund various capital projects of the City of Nicholls. A total of $1,124,841 has been collected as of June 30, 2020. Of this amount, 66.9% has been expended.

On March 21, 2017, Coffee County voters approved a referendum imposing a special one percent retail sales and use tax for a limited period of time of six years to collect an estimated $34,000,000 from the imposition date of April 1, 2018. The City of Nicholls was to be allocated 7.67% of the sales tax collected. This revenue is reported in the 2018 SPLOST special revenue fund. The purpose is to fund various capital projects of the City of Nicholls. A total of $588,411 has been collected as of June 30, 2020. Of this amount, 23.4% has been expended.

NOTE 4 - OTHER INFORMATION (Continued)

On May 24, 2018, voters adopted a one-cent sales tax to support transportation investments in the 18-county region served by the Southern Georgia Regional Commission. Over 10 years, the tax is expected to generate over $500 million for the region from the imposition date of October 1, 2018. Three-quarters of the funds will support the projects adopted by the regional roundtable, while the remaining 25 percent of the funds are to be distributed to participating local governments for their transportation project, equipment or other needs. The City of Nicholls estimated allocation is $284,791 over the ten-year period. This revenue is reported in the TSPLOST special revenue fund. The purpose is to fund various transportation projects of the City of Nicholls. A total of $65,763 has been collected as of June 30, 2020. Of this amount, 00.0% has been expended.

4-F Post-Employment Healthcare Plan

Plan Description

The City administers a single-employer, defined benefit post-employment health insurance plan. This plan does not include the pension benefits mentioned elsewhere in these notes. The Clerk is responsible for administering the plan in accordance with the City Council oversight. The plan does not issue separate financial statements.

Funding Policy

The City funds this plan on a pay as you go basis. Premiums for retired participants are paid by the General Fund.

Plan Membership

There is one former employee covered by the plan.

Benefits Provided

The City provides funding for continued healthcare benefits to retired employees. The Healthcare Plan, administered by Georgia Municipal Association, provides medical and prescription drug benefits to those who qualify. All city employees may become eligible for post employment health care benefits if they retire with 20 or more years of service and are 55 years of age. This benefit is limited to a period until the employee reaches age 65, becomes eligible for a health insurance plan or becomes Medicare eligible, at which time the benefit terminates. Nonworking spouses of retirees who are eligible dependents of the retiring employee may be included in the health insurance plan. The City has the authority to amend or terminate this benefit. The Healthcare Plan was established by City Council and it may be amended by the same Council.

Contributions

Continued healthcare benefits in the form of single coverage will be paid at 75% of the premium. During 2020 the City contributed $7,200 to the Plan.

Net OPEB Liability

Net OPEB liability as of June 30, 2020 is $53,421.

NOTE 4 - OTHER INFORMATION (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, the measurement date. The following actuarial assumptions apply to all periods in the measurement, unless otherwise specified:

	OPEB Liability
Balance at June 30, 2019	$ 61,968
Service cost	-
Interest on total OPEB liability	1,860
Differences between expected and actual experiences	-
Benefit payments	(7,200)
Changes in assumptions	(3,207)
Balance at June 30, 2020	$ 53,421

Interest Rate Sensitivity

4%	$51,349
3%	$53,421
2%	$55,620

Defered Inflows and Outflows

The City determined that deferred inflows and outflows were not material at year end and therefore did not record them.

4-G Prior Period Adjustments

Net position-governmental activities at the beginning of the year ended June 30, 2020 have been decreased $83,392 to reflect a decrease of $21,424 in intergovernmental receivables and an increase of $61,968 in OPEB liability. Fund balance-general governmental fund activities at the beginning of the year ended June 30, 2020 has been decreased $21,424 to reflect a decrease in intergovernmental receivables on June 30, 2019.

4-H Subsequent Events/Commitments

On May 22, 2020 the City was awarded two USDA grants for the purchase of public safety and public works equipment. Project cost totaled $355,620. Total federal funds obligated amounted to $125,000. City matching funds totaled $230,620. The City purchased the equipment and earned the grants in FY 6/30/21.

REQUIRED SUPPLEMENTARY INFORMATION

City of Nicholls, Georgia
Schedule of Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Georgia Municipal Employees Benefit System
For the Fiscal Year Ended June 30, 2020

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total Pension Liability						
Service cost	$ 23,714	$ 21,308	$ 16,318	$ 12,347	$ 12,927	$ 15,126
Interest	36,054	38,810	46,164	44,999	46,357	49,559
Differences between expected and actual experiences	(17,282)	46,562	(62,617)	(22,924)	4,618	(9,368)
Changes of assumptions	4,858	-	-	10,521	-	-
Benefit payments, including refunds of employee payments	(11,787)	(11,788)	(11,788)	(17,995)	(22,821)	(23,995)
Other	-	-	-	-	-	27,119
Net change in total pension liability	35,557	94,892	(11,923)	26,948	41,081	58,441
Total pension liability - beginning	471,106	506,663	601,555	589,632	616,580	657,661
Total pension liability - ending (a)	$ 506,663	$ 601,555	$ 589,632	$ 616,580	$ 657,661	$ 716,102
Plan Fiduciary Net Position						
Contributions- employer	$ 29,172	$ 26,544	$ 26,039	$ 26,239	$ 19,982	$ 15,091
Contributions- employee	-	-	-	-	-	-
Net investment income	49,639	5,080	57,893	88,577	66,981	21,701
Benefit payments, including refunds of employee contributions	(11,787)	(11,788)	(11,788)	(17,995)	(22,821)	(23,995)
Administrative expense	(1,723)	(2,131)	(2,024)	(3,923)	(3,661)	(3,372)
Net change in fiduciary net position	65,301	17,705	70,120	92,898	60,481	9,425
Plan fiduciary net position - beginning	430,371	495,672	513,377	583,497	676,395	736,876
Plan fiduciary net position - ending (b)	$ 495,672	$ 513,377	$ 583,497	$ 676,395	$ 736,876	$ 746,301
Net pension liability - ending (a)-(b)	$ 10,991	$ 88,178	$ 6,135	$ (59,815)	$ (79,215)	$ (30,199)
Plan fiduciary net position as a percentage of the total pension liability	97.83%	85.34%	98.96%	109.70%	112.04%	104.22%
Covered-employee payroll	$ 357,103	$ 358,735	$ 325,453	$ 344,722	$ 367,306	$ 398,057
Net pension liability as a percentage of covered employee payroll	3.08%	24.58%	1.89%	-17.35%	-21.57%	-7.59%

Notes to Schedule:

2015 was the first fiscal year that data has been measured in accordance with GASB Statement 68. This schedule will present 10 years of information once it is accumulated.

City of Nicholls, Georgia
Schedule of Required Supplementary Information
Schedule of Contributions
Georgia Municipal Employees Benefit System
For the Fiscal Year Ended June 30, 2020

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Actuarially determined contribution	$ 25,463	$ 25,463	$ 27,765	$ 21,661	$ 14,946	*
Contributions in relation to the actuarially determined contributions	29,172	25,463	27,765	21,661	$ 14,946 **	*
Contribution deficiency (excess)	(3,709)	-	-		*	*
Covered-employee payroll	357,103	358,735	325,453	344,722	$ 367,306 ***	*
Contributions as a percentage of covered-employee payroll	8.17%	7.10%	8.53%	6.28%	4.07%	*

* *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 GMBES 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:

Valuation date — The actuarially determined contribution was determined as of January 1, 2020 with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending June 30, 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	N/A
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
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%
Retirement age	Normal retirement age is 65 with 5 years of service. Early retirement age is 55 with 10 years of service.
Mortality rates	*Healthy:* Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. *Disabled:* Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25. *Plan termination basis (all lives):* 30-year Treasury Securities Rate as of August 2019, published in September 2019.

Changes of assumptions: The following assumption changes based on an actuarial study conducted in November and December 2019:
The investment return was decreased from 7.50% to 7.375%.
The inflation assumption was decreased from 2.75% to 2.25%.
Benefit changes: There were no changes in the benefit provisions in the last two fiscal years.

2015 was the first fiscal year that data has been measured in accordance with GASB Statement 68.
This schedule will present 10 years of information once it is accumulated.

City of Nicholls, Georgia
Schedule of Required Supplementary Information
Schedule of Contributions
Other Post-Employment Benefits
For the Fiscal Year Ended June 30, 2020

	June 30, 2019	June 30, 2020
Actuarially determined contribution	7,200	7,200
Contributions in relation to the actuarially determined contributions	7,200	7,200
Contribution deficiency (excess)	-	-
Covered-employee payroll	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A

Notes to Schedule:

Valuation date	The actuarially determined contribution was determined as of June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Salary Increases	Not Applicable
Inflation	3%
Investment rate of return	Not Applicable
Health cost trend rates	6%
Mortality	RP-2014 Employee and Health Annuitant with Scale MP-2016 generational improvements from 2006 (Male/Female)
Discount rate	3%
Changes in assumptions	None

City of Nicholls, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
Revenues				
Property taxes	$ 260,000	$ 260,000	$ 221,622	$ (38,378)
Local option sales & use taxes	230,000	230,000	268,524	38,524
Franchise taxes	60,000	60,000	58,306	(1,694)
Beverage excise taxes	15,000	15,000	17,472	2,472
Insurance premium taxes	200,000	200,000	213,025	13,025
Penalties and interest on delinquent taxes	-	-	706	706
Other taxes	12,000	12,000	13,086	1,086
Licenses and permits	14,000	14,000	16,408	2,408
Fines and forfeitures	42,000	42,000	64,967	22,967
Charges for services	105,000	105,000	123,805	18,805
Investment earnings	4,500	4,500	7,202	2,702
Intergovernmental	-	25,200	90,254	65,054
Miscellaneous	5,500	5,500	8,294	2,794
Total revenues	948,000	973,200	1,103,671	130,471
Expenditures				
Current:				
General government:				
Legislative	37,000	37,000	34,500	(2,500)
Elections	2,500	4,200	4,120	(80)
General administration	115,000	124,000	123,333	(667)
Total general government	154,500	165,200	161,953	(3,247)
Judiciary:				
Municipal court	12,500	13,500	13,048	(452)
Total judiciary	12,500	13,500	13,048	(452)
Public safety:				
Police	358,000	358,000	335,549	(22,451)
Jail	12,000	12,000	10,389	(1,611)
Fire department	17,000	17,500	17,479	(21)
E-911	15,000	15,000	7,021	(7,979)
Total public safety	402,000	402,500	370,438	(32,062)
Public works:				
Solid waste	125,000	127,000	126,214	(786)
Streets	226,000	226,000	213,213	(12,787)
Total public works	351,000	353,000	339,427	(13,573)

City of Nicholls, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
Culture and recreation:				
Recreation	8,500	8,500	3,868	(4,632)
Library	10,000	10,000	8,500	(1,500)
Total culture and recreation	18,500	18,500	12,368	(6,132)
Housing and development:				
Founders Day	3,500	3,500	2,651	(849)
Other	6,000	17,000	16,215	(785)
Total housing and development	9,500	20,500	18,866	(1,634)
Total expenditures	948,000	973,200	916,100	(57,100)
Other Financing Sources (Uses)				
Transfer In/Out	-	-	(100)	(100)
Excess (deficiency) of revenues over (under) expenditures	$ -	-	187,471	$ 187,471
Fund balances - beginning of year, restated		1,587,951	1,587,951	
Fund balances - end of year		$ 1,587,951	$ 1,775,422	

Note:
Budgets for the general fund are adopted on a basis that is consistent with accounting principles generally accepted in the United States as applied to governments.

Budgetary Control

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budget:

1. Prior to May 15, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means by which they are to be financed.

2. The City Council holds a public hearing on the budget, giving notice thereof at least 10 days in advance by publication in the organ of the City of Douglas, the county seat of Coffee County.

3. The budget is then revised and adopted or amended by the City Council at the first regular meeting prior to July 1st of the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. Budgeted amounts are as originally adopted, of as amended by the Council. Amendments were made to the current year's budget. Appropriated annual budgets have been legally adopted for the General

SUPPLEMENTARY INFORMATION

City of Nicholls, Georgia
Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Year Ended June 30, 2020

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior Years	Current Year	Total To Date
2012 SPLOST:					
Public Safety Facilities	$ 250,000	$ 250,000	$ 253,016	$ 200	$ 253,216
Public Works Facilities	50,000	50,000	15,200	-	15,200
Recreation Facilities	300,000	300,000	54,079	47,379	101,458
Municipal Buildings	160,220	160,220	15,497	16,939	32,436
Roads, Streets and Bridges	265,000	265,000	262,368	-	262,368
Water/Sewer Improvements	100,000	100,000	54,939	32,706	87,645
Total	$ 1,125,220	$ 1,125,220	$ 655,099	$ 97,224	$ 752,323
2018 SPLOST:					
Public Safety Capital Outlay and Facility Improvements	$ 400,000	$ 400,000	$ -	$ -	$ -
Public Works Capital Outlay and Facility Improvements	375,000	375,000	-	-	-
Recreation Capital Outlay and Facility Improvements	25,000	25,000	-	-	-
Renovations and Improvements to Municipal Buildings	250,000	250,000	-	-	-
Roads, Streets and Bridges	340,908	340,908	9,724	16,973	26,697
Water and Sewer Capital Outlay and Improvements	650,000	650,000	-	100,135	100,135
Technology Equipment including Hardware and Software	50,000	50,000	-	10,683	10,683
Total	$ 2,090,908	$ 2,090,908	$ 9,724	$ 127,791	$ 137,515
T-SPLOST:					
Transportation Projects	$ 284,791	$ 284,791	$ -	$ 29	$ 29

City of Nicholls, Georgia
Community Development Block Grant Program
Source and Application of Funds Schedule
Grant # 18p-x-034-2-6018
For the Period October 15, 2018 through June 30, 2020

I.	Total Fiscal Year 2018 CDBG Funds Awarded to Recipient	$ 565,078
II.	Total Amount Drawn Down by Recipient from CDBG	$ 565,078
III.	Less: CDBG Funds Expended by Recipient	565,078
IV.	Amount of Fiscal Year 2018 CDBG Funds Held by Recipient	$ -

City of Nicholls, Georgia
Community Development Block Grant Program
Project Cost Schedule
Grant # 18p-x-034-2-6018
For the Period October 15, 2018 through June 30, 2020

Program Activity	Activity Code	Latest Approved Budget	Accumulative Expenditures To Date	Accumulative Expenditures To Date Other Funds	Grand Total of Expenditures To Date	Questioned Costs
Contingencies	C-022-00	$ 25,294	$ 25,294	$ -	$ 25,294	$ -
Sewer Improvements	P-03J-02	505,880	505,880	-	505,880	-
Engineering	T-03J-02	70,705	-	70,705	70,705	-
Administration	A-21A-00	33,904	33,904	-	33,904	-
Totals		$ 635,783	$ 565,078	$ 70,705	$ 635,783	$ -

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*

Mayor and Council
City of Nicholls, Georgia
Nicholls, Georgia

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nicholls, Georgia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Nicholls, Georgia's basic financial statements and have issued my report thereon dated June 8, 2021

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that I consider to be a material weakness. 2020-1

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Nicholls, Georgia, Georgia's financial statements are free of material misstatement, I performed tests of its compliance with

certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Nicholls, Georgia, Georgia's Response to Findings

The City of Nicholls, Georgia, Georgia's response to the findings identified in my audit is described in the accompanying schedule of Findings and Responses. I did not audit City of Nicholls, Georgia, Georgia's responses and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Kim Kimmel CPA

Richland, Georgia
June 8, 2021

CITY OF NICHOLLS, GEORGIA, GEORGIA
Schedule of Findings and Responses
June 30, 2020

Material Weaknesses

2020-1 Segregation of Duties

Condition: During my audit I noted that many transactions are processed from start to end by one individual. This condition existed in prior years as well.

Criteria: All transactions should require two or more individuals to initiate, summarize, post, and reconcile.

Effect: The potential exists for unauthorized transactions to be initiated and not discovered.

Response: The City agrees with the finding and acknowledges the risk involved, but does not have the resources to provide for proper segregation of duties in all areas, and at all times. Where possible, all cash transactions require two or more employees to be involved in the transaction.