TOWN OF OCHLOCKNEE, GEORGIA

FINANCIAL STATEMENTS

FOR YEAR ENDED

DECEMBER 31, 2019

TOWN OF OCHLOCKNEE
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December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Town Council
Town of Ochlocknee, Georgia

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Ochlocknee, Georgia (hereinafter referred to as "the Town") as of and for the year ended December 31, 2019, and the related notes to the 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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Ochlocknee, Georgia, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Hotel/Motel Tax Fund and the Cemetery Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated, December 2, 2020 on our consideration of the Town of Ochlocknee, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Ochlocknee, Georgia's internal control over financial reporting and compliance.

Simmons, Mills & Simmons P.C.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

December 2, 2020

BASIC FINANCIAL STATEMENTS

TOWN OF OCHLOCKNEE, GEORGIA
Government-wide Statement of Net Position
December 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash investments	$ 803,078	$ -	$ 803,078
Receivables (net of allowance for doubtful accounts):			
Taxes	11,244	-	11,244
Accounts	-	14,914	14,914
Intergovernmental receivable	27,556	-	27,556
Internal balances	-	-	-
Prepaid items	6,328	4,278	10,606
Capital assets:			
Land	91,789	-	91,789
Buildings	83,089	-	83,089
Improvements	202,554	-	202,554
Equipment	139,743	233,193	372,936
Infrastructure	-	2,699,760	2,699,760
Accumulated depreciation	(300,285)	(1,974,075)	(2,274,360)
Total assets	1,065,096	978,070	2,043,166
Liabilities:			
Accounts payable	8,987	5,306	14,293
Accrued liabilities	2,786	-	2,786
Unearned revenue	-	-	-
Customer deposits	-	17,247	17,247
Compensated absences	1,578	-	1,578
Noncurrent liabilities:			
Due within one year	-	918	918
Due in more than one year	-	-	-
Compensated absences	3,682	-	3,682
Total liabilities	17,033	23,471	40,504
Net position:			
Net investment in capital assets	216,890	957,960	1,174,850
Restricted for:			
Capital projects	376,929	-	376,929
Perpetual care	85,752	-	85,752
Hotel/Motel Tax	20,703	-	20,703
Unrestricted (deficit)	347,789	(3,361)	344,428
Total net position	$ 1,048,063	$ 954,599	$ 2,002,662

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2019

Program Activities	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and changes in Net Position: Governmental Activities	Net (Expenses) Revenues and changes in Net Position: Business-type Activities	Net (Expenses) Revenues and changes in Net Position: Total
Governmental activities:							
General government	$ 97,189	$ 3,831	$ -	$ -	$ (93,358)	$ -	$ (93,358)
Public safety	53,697	-	-	-	(53,697)	-	(53,697)
Public works	85,831	850	700	124,551	40,270	-	40,270
Housing and development	-	-	5,489	-	5,489	-	5,489
Cultural and recreational	9,717	-	5,000	-	(4,717)	-	(4,717)
Total governmental activities	246,434	4,681	11,189	124,551	(106,013)	-	(106,013)
Business-type activities:							
Water and sewer	213,405	126,878	-	-	-	(86,527)	(86,527)
Sanitation	36,108	49,904	-	-	-	13,796	13,796
Total business-type activities	249,513	176,782	-	-	-	(72,731)	(72,731)
Total government	$ 495,947	$ 181,463	$ 11,189	$ 124,551	$ (106,013)	$ (72,731)	$ (178,744)
General revenues:							
Taxes:							
Property taxes					$ 73,721	$ -	$ 73,721
Sales taxes					51,384	-	51,384
Other taxes					52,467	-	52,467
Franchise fees					25,797	-	25,797
Gain on dispostion of capital assets					-	-	-
Investment earnings					1,130	-	1,130
Miscellaneous					10,290	-	10,290
Transfers					12,954	(12,954)	-
Total general revenues and transfers					227,743	(12,954)	214,789
Change in net position					121,730	(85,685)	36,045
Net position - beginning					926,333	1,040,284	1,966,617
Net position - ending					$ 1,048,063	$ 954,599	$ 2,002,662

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Cemetery Fund	Total Governmental Funds
Assets:					
Cash	$ 338,185	$ 358,510	$ 19,346	$ 87,037	$ 803,078
Receivables (net where applicable of allowance for doubtful accounts):					
Taxes	11,244	-	-	-	11,244
Accounts	-	-	-	-	-
Interfund receivable	1,285	-	-	-	1,285
Intergovernmental receivables	4,780	21,419	1,357	-	27,556
Prepaid items	6,328	-	-	-	6,328
Total assets	$ 361,822	$ 379,929	$ 20,703	$ 87,037	$ 849,491
Liabilities, deferred inflows and fund balances:					
Liabilities:					
Accounts payable	$ 5,987	$ 3,000	$ -	$ -	$ 8,987
Interfund payables	-	-	-	1,285	1,285
Accrued liabilities	2,786	-	-	-	2,786
Total liabilities	8,773	3,000	-	1,285	13,058
Deferred inflows - property taxes	9,993	-	-	-	9,993
Fund balances:					
Nonspendable:					
Prepaid items	6,328	-	-	-	6,328
Restricted for:					
Promotion of tourism	-	-	20,703	-	20,703
Capital projects funds	-	376,929	-	-	376,929
Perpetual care	-	-	-	85,752	85,752
Unassigned	336,728	-	-	-	336,728
Total fund balances	343,056	376,929	20,703	85,752	826,440
Total liabilities, deferred inflows and fund balances	$ 361,822	$ 379,929	$ 20,703	$ 87,037	$ 849,491

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet to the Government - Wide Statement of Net Position
Year Ended December 31, 2019

Total fund balances - total governmental funds		$ 826,440
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 Governmental Funds Balance Sheet.		
Cost	$ 517,175	
Less accumulated depreciation	(300,285)	216,890
Deferred revenues for delinquent property taxes are deferred in the governmental funds because they will not be received within sixty days of the Town's year end.		9,993
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(5,260)
Net position of governmental activities		$ 1,048,063

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2019

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Cemetery Fund	Total Governmental Funds
Revenues:					
General property taxes	$ 96,883	$ -	$ -	$ -	$ 96,883
Sales and use taxes	51,384	-	-	-	51,384
Other taxes	52,467	-	-	-	52,467
Licenses and permits	3,585	-	-	-	3,585
Intergovernmental revenues	5,000	122,030	5,489	-	132,519
Charges for services	246	-	-	850	1,096
Interest income	580	2,521	24	526	3,651
Contributions and donations	-	-	-	700	700
Miscellaneous revenues	10,290	-	-	-	10,290
Total revenues	220,435	124,551	5,513	2,076	352,575
Expenditures:					
Current:					
General government	96,683	-	-	-	96,683
Public safety	52,493	-	-	-	52,493
Public works	55,846	-	-	3,915	59,761
Housing and development	-	-	-	-	-
Culture and recreation	6,560	-	-	-	6,560
Capital projects	-	34,629	-	-	34,629
Debt service	-	-	-	-	-
Total expenditures	211,582	34,629	-	3,915	250,126
Excess (deficiency) of revenues over expenditures	8,853	89,922	5,513	(1,839)	102,449
Other Financing Sources (Uses):					
Proceeds from sale of assets	-	-	-	-	-
Transfers in	27,192	-	-	-	27,192
Transfers out	-	-	-	-	-
Total other financing sources (uses)	27,192	-	-	-	27,192
Net change in fund balances	36,045	89,922	5,513	(1,839)	129,641
Fund balances - beginning	307,011	287,007	15,190	87,591	696,799
Fund balances - ending	$ 343,056	$ 376,929	$ 20,703	$ 85,752	$ 826,440

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
Year Ended December 31, 2019

Net change in fund balances - total governmental funds		$ 129,641
Amounts reported for governmental activities in the Statement of Activities are different because:		
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.		(20,835)
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		11,998
Because some property taxes will not be collected for several months after the Town's fiscal year ends, they are not considered "available" revenues in the governmental funds.		
Deferred taxes 12/31/19	$ 9,993	
Deferred taxes 12/31/18	7,358	2,635
Compensated absences 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.		
Liability 12/31/18	3,551	
Liability 12/31/19	5,260	(1,709)
Change in net position of governmental activities		$ 121,730

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
GAAP Basis
Year Ended December 31, 2019

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
General property taxes	$ 98,017	$ 111,500	$ 96,883	$ (14,617)
Sales and use taxes	52,000	52,000	51,384	(616)
Other taxes	50,000	53,000	52,467	(533)
Licenses and permits	7,500	4,000	3,585	(415)
Intergovernmental revenues	-	5,000	5,000	-
Charges for services	500	500	246	(254)
Interest income	700	700	580	(120)
Contributions and donations	-	-	-	-
Miscellaneous revenues	12,500	12,500	10,290	(2,210)
Carryover of funds	(69,624)	(49,200)	-	49,200
Total revenues	151,593	190,000	220,435	30,435
Expenditures:				
Current:				
General government	98,110	113,000	96,683	(16,317)
Public safety	42,000	54,000	52,493	(1,507)
Public works	55,724	56,000	55,846	(154)
Culture and recreation	2,000	7,000	6,560	(440)
Capital outlay	-	-	-	-
Total expenditures	197,834	230,000	211,582	(18,418)
Excess (deficiency) of revenues over expenditures	(46,241)	(40,000)	8,853	48,853
Other financing sources (uses):				
Proceeds from sale of assets	-	-	-	-
Transfers in	46,241	40,000	27,192	(12,808)
Transfers out	-	-	-	-
Total other financing sources (uses)	46,241	40,000	27,192	(12,808)
Excess (deficiency) of revenues and other financing and other uses	-	-	36,045	36,045
Fund balances - beginning	307,011	307,011	307,011	307,011
Fund balances - ending	$ 307,011	$ 307,011	$ 343,056	$ 343,056

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Hotel/Motel Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
GAAP Basis
Year Ended December 31, 2019

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Intergovernmental revenues	$ 4,200	$ 6,000	$ 5,489	$ (511)
Interest income	-	25	24	(1)
Carryover of funds	-	-	-	-
Total revenues	4,200	6,025	5,513	(512)
Expenditures:				
Current:				
Housing and development	4,200	6,025	-	(6,025)
Total expenditures	4,200	6,025	-	(6,025)
Excess of revenues over expenditures	-	-	5,513	5,513
Fund balances - beginning	15,190	15,190	15,190	15,190
Fund balances - ending	$ 15,190	$ 15,190	$ 20,703	$ 20,703

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Cemetery Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
GAAP Basis
Year Ended December 31, 2019

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Charges for services	$ 4,500	$ 2,000	$ 850	$ (1,150)
Interest income	-	600	526	(74)
Contributions and donations	-	800	700	(100)
Miscellaneous revenues	-	2,300	-	(2,300)
Total revenues	4,500	5,700	2,076	(3,624)
Expenditures:				
Current:				
Public works	4,500	5,700	3,915	(1,785)
Total expenditures	4,500	5,700	3,915	(1,785)
Excess of revenues over expenditures	-	-	(1,839)	(1,839)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other financing and other uses	-	-	(1,839)	(1,839)
Fund balances - beginning	87,591	87,591	87,591	89,254
Fund balances - ending	$ 87,591	$ 87,591	$ 85,752	$ 87,415

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2019

	Water & Sewer	Sanitation	Totals
Assets:			
Current assets:			
Restricted cash	$ -	$ -	$ -
Receivables (net where applicable of allowance for doubtful accounts):			
Accounts	10,083	4,831	14,914
Intergovernmental	-	-	-
Prepaid items	2,801	1,477	4,278
Total current assets	12,884	6,308	19,192
Noncurrent assets:			
Capital assets:			
Equipment	133,242	99,951	233,193
Infrastructure	2,699,760	-	2,699,760
Construction in progress	-	-	-
Accumulated depreciation	(1,874,124)	(99,951)	(1,974,075)
Total capital assets, net of accumulated depreciation	958,878	-	958,878
Total assets	$ 971,762	$ 6,308	$ 978,070
Liabilities:			
Current liabilities:			
Accounts payable	$ 4,296	$ 1,010	$ 5,306
Notes payable	918	-	918
Unearned revenue	-	-	-
Other payable	-	-	-
Customer deposits	17,247	-	17,247
Total current liabilities	22,461	1,010	23,471
Noncurrent liabilities:			
Notes payable	-	-	-
Total liabilities	$ 22,461	$ 1,010	$ 23,471
Net Position:			
Net investment in capital assets	$ 957,960	$ -	$ 957,960
Unrestricted (deficiency)	(8,659)	5,298	(3,361)
Total net position	$ 949,301	$ 5,298	$ 954,599

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Positions
Proprietary Funds
Year Ended December 31, 2019

	Business Type Activities - Enterprise Funds		
	Water & Sewer	Sanitation	Totals
Operating revenues:			
Charges for services - water	$ 57,615	$ -	$ 57,615
Charges for services - sewer	60,310	-	60,310
Charges for services - sanitation	-	49,904	49,904
Miscellaneous	8,953	-	8,953
Total operating revenues	126,878	49,904	176,782
Operating expenses:			
Personal services	15,953	8,936	24,889
Purchased/contracted services	87,708	18,770	106,478
Supplies	20,317	8,402	28,719
Depreciation	89,277	-	89,277
Total operating expenses	213,255	36,108	249,363
Income (loss) from operations	(86,377)	13,796	(72,581)
Non-operating revenues (expenses):			
Gain (loss) on disposition of capital assets	-	-	-
Interest expense	(150)	-	(150)
Total non-operating revenues (expenses)	(150)	-	(150)
Income (loss) before transfers and capital contributions	(86,527)	13,796	(72,731)
Transfer from other funds	-	-	-
Transfer to other funds	(15,318)	(11,874)	(27,192)
Capital contributions	14,238	-	14,238
Change in net positions	(87,607)	1,922	(85,685)
Net position - beginning	1,036,908	3,376	1,040,284
Net position - ending	$ 949,301	$ 5,298	$ 954,599

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2019

	Business Type Activities - Enterprise Funds		
	Water & Sewer	Sanitation	Totals
Cash flows from operating activities:			
Cash received from customers	$ 128,518	$ 49,970	$ 178,488
Other operating cash receipts	-	-	-
Cash payments to suppliers for goods and services	(96,082)	(30,604)	(126,686)
Cash payments to employees for services	(13,405)	(7,492)	(20,897)
Net cash provided (used) by operating activities	19,031	11,874	30,905
Cash flows from noncapital financing activities:			
Transfers from other funds	-	-	-
Transfers to other funds	(15,318)	(11,874)	(27,192)
Net cash provided (used) by noncapital financing activities	(15,318)	(11,874)	(27,192)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	-
Proceeds from sale of capital assets	-	-	-
Intergovernmental revenue	-	-	-
Transfers from other funds	-	-	-
Interest paid on notes	(150)	-	(150)
Loan payments	(3,563)	-	(3,563)
Contributed capital	-	-	-
Net cash provided (used) by capital and related financing activities:	(3,713)	-	(3,713)
Net increase (decrease) in cash and cash investments	-	-	-
Cash and cash investments, January 1	-	-	-
Cash and cash investments, December 31	$ -	$ -	$ -
Non-cash from capital and related financing activities:			
Repairs to water lines paid by the SPLOST Fund for the Water & Sewer Fund	$ 6,455	$ -	$ 6,455
Repairs to sewer lines paid by the SPLOST Fund for the Water & Sewer Fund	7,783	-	7,783

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2019

	Business Type Activities - Enterprise Funds		
	Water & Sewer	Sanitation	Totals
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Income (loss) from operations	$ (86,377)	$ 13,796	$ (72,581)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation and amortization	89,277	-	89,277
Repairs paid by SPLOST	14,238	-	14,238
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	800	66	866
(Increase) decrease in prepaid items	(42)	(27)	(69)
Increase (decrease) in accounts payable	295	(1,961)	(1,666)
Increase (decrease) in customer deposits payable	840	-	840
Net cash provided (used) by operating activities	$ 19,031	$ 11,874	$ 30,905

See accompanying notes to basic financial statements

NOTES TO THE FINANCIAL STATEMENTS

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The Town of Ochlocknee, (the "Town") was incorporated in 1907. The Town operates under a council/mayor form of government and provides the following services: public safety, highways and streets, recreation, public improvements and general and administrative services. In addition, the Town operates a public water & sewer system and sanitation service for the incorporated and immediate surrounding areas.

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 funds.

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

B. Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of Ochlocknee has no component units.

Related organizations

The following is a list of related organizations for which the Town of Ochlocknee appoints one or more of the Board of Directors:

- Southwest Georgia Regional Commission

Joint ventures and jointly governed organizations

The Town of Ochlocknee, in conjunction with forty-four cities or counties in the South Georgia area are members of the Southwest Georgia Regional Commission (SWGRC). Membership in a Regional Commission (RC) is automatic of each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organization structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public Board member from a county.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Joint ventures and jointly governed organizations (CONT.)

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources (O.C.G.A. 50-8-39.1).

Separately issued financial statements of the Southwest Georgia Regional Commission are available at their administrative offices, 181 East Broad St., Camilla, Georgia, or by telephone at 229-522-3552.

C. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the Town. The effect of Interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements:

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental funds typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Town has presented the following major governmental funds:

General Fund –

General Fund is the main operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. Basis of Presentation (CONT.)

Fund Financial Statements (CONT.):

SPLOST Fund –

This fund accounts for the special purpose local option sales tax that is to be used for roads, streets, bridges and other capital purposes as allowed by the Official Code of Georgia Annotated Section 48-8-111.

Hotel/Motel Tax Fund –

This fund is used to account for tax received from Thomas County, Georgia. The purpose of the tax is to provide resources to promote tourism.

Cemetery Fund –

This fund is used to account for the accumulation of resources to be used to assure the continued maintenance of the Town's Cemetery. Funds are contributed by owners of the cemetery plots to assure the maintenance of the cemetery in the future.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The Town has presented the following major proprietary funds:

Water and Sewer Fund –

Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the Town. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Sanitation Fund –

Sanitation Fund is used to account for the Town's sanitation operation (garbage and trash collection), which is financed through user charges. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

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 personal and contractual services, supplies and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

- Committed
- Assigned
- Unassigned

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applied to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has one item of unavailable revenue which is reported only in the governmental funds balance sheet. This is property taxes which are reported as deferred inflows since they are recognized as receivables before the period for which the taxes are levied.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

F. Budgets

All budgets, except for the enterprise funds, are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund, Hotel/Motel Tax Fund, Cemetery Fund and the enterprise funds. Amounts presented for the General Fund, Hotel/Motel Tax Fund, and Cemetery Fund are as amended by the Town Council. All annual appropriations lapse at year end. A project length budget was adopted for the capital projects fund.

G. Cash and Investments

Cash includes amounts in demand deposits, passbook savings as well as certificates of deposits with a maturity date of three months or less. Cash equivalents are short term, highly liquid investments that can be converted to known amounts of cash.

The Town's cash and investment policy limits deposits to demand and money market accounts, and time deposits at local banks. The Town's deposits shall be secured by Federal Depository 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.

The Town's investing is limited to investments complying with state statues. These investments are limited to obligations of states, obligations issued by the U.S. government, obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States, obligations of any corporation of the U.S. government, the local government investment pool established by state law and obligations of other political subdivisions of the State of Georgia.

H. Prepaid Items

Prepaid balances are for payments made by the Town in the current year to provide services occurring in the subsequent year, and the reserve for prepaid items has been recorded to signify that a portion of the fund balance is not available for other subsequent expenditures.

I. Inventories

Expendable supplies are recorded as expenditures at the time items are purchased. The Town does not record inventories of supplies on the books. Any inventory of supplies at December 31, 2019 is considered immaterial.

J. Interfund Receivables and Payables

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

K. Transactions Between Funds

Legally authorized transfers are treated as Interfund transfers and are included in the results of operations of both governmental and proprietary funds.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

L. Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. Improvements to capital assets are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Interest has not been capitalized during the construction period on property, plant and equipment. Depreciation has been calculated on each asset of depreciable property using the straight-line method.

Assets are capitalized and the estimated useful lives are as follows:

	Life – Years	Threshold
Buildings	15-40	$ 15,000
Equipment	5-10	5,000
Autos, trucks and buses	3-12	5,000
System Infrastructure	20-40	150,000
Public domain infrastructure	20-50	150,000
Improvements	7-15	5,000

M. Compensated Absences

The Town's policy allows employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

O. Government-wide and Proprietary Fund Net Positions

Government-wide and proprietary fund net positions are divided into three components:

Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted – consist of net position that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – all other net position are reported in this category.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

P. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the Town Charter, the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by Town Council. Formal action by the Town Council is required to be taken to establish (and modify or rescind) a formal balance commitment.

Assigned – Amounts that are designated by the Town Council for a particular purpose. By motion, only the Town 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 – All amounts not included in other spendable classifications.

Q. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(2) – LEGAL COMPLIANCE – BUDGETS

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least four months prior to year end, the Town Clerk and department heads start working on the proposed operating budget for the forthcoming year.
2. Sixty days prior to year-end, the Town Clerk submits to the Town Council a proposed operating budget for the forthcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
3. Public hearings are conducted to obtain taxpayer comments.
4. As close to year end as possible, usually 30 days prior to year-end, the budget is legally adopted by the Town Council and made a part of the Town's minutes.
5. Any changes to the Town's budget must be approved by the Town Council. The Town Council approves all expenditures each month, regardless of amount.
6. All appropriations lapse at year end.
7. Budget amendments, as needed, are proposed by the Town Clerk and approved by the Town Council.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level.

(3) – DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a deposit policy for custodial credit risk (Note 1G). As of December 31, 2019, all of the Town's deposits were covered by either the Federal Depository Insurance Corporation (FDIC) or collateralized pledge by the financial institution or a combination of the two.

At year end, the bank balance was $813,040 and the carry amount of the Town's deposits was $803,078.

Investments – As of December 31, 2019 the Town had no investments.

(4) – RECEIVABLES

The receivables as of December 31, 2019 for the Town's individual major funds are as follows:

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Water & Sewer Fund	Sanitation Fund	Total
Receivables:						
Taxes	$ 11,244	$ -	$ -	$ -	$ -	$ 11,244
Accounts	-	-	-	11,862	4,831	16,693
Intergovernmental	4,780	21,419	1,357	-	-	27,556
Gross Receivables	16,024	21,419	1,357	11,862	4,831	55,493
Less: Allowance for doubtful accounts	-	-	-	1,779	-	1,779
Net total receivables	$ 16,024	$ 21,419	$ 1,357	$ 10,083	$ 4,831	$ 53,714

Property taxes are levied as of September 9th on property values assessed as of January 1st. The bills were mailed on September 20th and are considered due upon receipt by the taxpayer; however, the actual due date is December 20th. After this date, the bill becomes delinquent and penalties and interest may be assessed.

(5) – CAPITAL ASSETS

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

	Balance Jan. 1	Additions	Deletions	Balance Dec. 31
Governmental activities:				
Capital assets not being depreciated				
Land - under the road	$ 6,927	$ -	$ -	$ 6,927
Land	84,862	-	-	84,862
Construction in progress	-	-	-	-
Total capital assets not being depreciated	91,789	-	-	91,789
Capital assets, being depreciated				
Buildings and improvements	285,643	-	-	285,643
Equipment	127,745	11,998	-	139,743
Total capital assets being depreciated	413,388	11,998	-	425,386
Less accumulated depreciation for:				
Buildings and improvements	175,347	14,384	-	189,731
Equipment	104,104	6,450	-	110,554
Total accumulated depreciation	279,451	20,834	-	300,285
Total capital assets, being depreciated, net	133,937	(8,836)	-	125,101
Governmental activities capital assets, net	$ 225,726	$ (8,836)	$ -	$ 216,890
Business-type activities:				
Capital assets not being depreciated				
Construction in progress	$ -	$ -	$ -	$ -
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated				
Infrastructure	2,699,760	-	-	2,699,760
Equipment	233,193	-	-	233,193
Total capital assets, being depreciated	2,932,953	-	-	2,932,953
Less accumulated depreciation for:				
Infrastructure	1,738,039	75,404	-	1,813,443
Equipment	146,759	13,873	-	160,632
Total accumulated depreciation	1,884,798	89,277	-	1,974,075
Total capital assets being depreciated, net	1,048,155	(89,277)	-	958,878
Business-type activities capital assets, net	$ 1,048,155	$ (89,277)	$ -	$ 958,878

The Town also purchased a new lawn mower for Public Works totaling $11,998 with SPLOST funds.

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

Culture and recreation	3,157
Total depreciation expense - Governmental activities	$ 20,834
Business-type activities:	
Water and sewer	$ 89,277
Sanitation	-
Total depreciation expense - Business-type activities	$ 89,277

(6) – LONG-TERM DEBT

At December 31, 2019, the Town had the following notes payable:	Business-Type Activities
Note payable to Georgia Environmental Facilities Authority, interest at 4.76%, quarterly payments of $929 including interest. The note proceeds were used for a sewer project. The note was issued on April 1, 2000 for $47,743 and it matures on April 1, 2020.	$ 918

Annual debt service requirements to this note payable as of December 31, 2019 follow:

Year	Principal	Interest	Total
2020	$ 918	$ 11	$ 929
Totals	$ 918	$ 11	$ 929

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

	Balance January 1	Issues or Additions	Payments or Expenditures	Balance December 31	Due in One Year
Governmental Activities:					
Compensated absences	$ 3,550	$ 9,424	$ 7,714	$ 5,260	$ 1,578
Total for governmental activities	3,550	9,424	7,714	5,260	1,578
Business-Type Activities:					
Note payable - Georgia Environmental Facilities Authority	4,482	-	3,564	918	918
Total for business-type activities	4,482	-	3,564	918	918
Total government	$ 8,032	$ 9,424	$ 11,278	$ 6,178	$ 2,496

The compensated absences liability will be paid from the fund which the employees' salaries are paid, normally the General Fund.

(7) – INTERFUND BALANCES AND TRANSFERS

Interfund receivables, payables, and transfers for the year ended December 31, 2019 were as follows:

Fund	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
General Fund	$ 1,285	$ -	$ 27,192	$ -
SPLOST Fund	-	-	-	-
Cemetery Fund	-	1,285	-	-
Water & Sewer Fund	-	-	-	15,318
Sanitation Fund	-	-	-	11,874
Totals	$ 1,285	$ 1,285	$ 27,192	$ 27,192

Interfund payables and receivables are for expenses paid for by the General Fund that will be reimbursed by the Cemetery Fund. The Town transferred money between the funds as needed to finance various programs accounted for in each of the funds.

(8) – FUND BALANCES

The following is a summary of the fund balances for the governmental funds at December 31, 2019:

Nonspendable:		
Prepaid items - This is prepaid insurance in the General Fund	$	6,328
Restricted for construction of capital assets - This is net position restricted by state law as follows:		
SPLOST Fund - Restricted by state law		376,929
Restriced for promotion of tourism:		
Hotel/Motel Tax Fund - Restricted by state law		20,703
Restricted for perpetual care:		
Cemetery Fund - Restricted by donors		85,752
Unassigned:		
This is the amount unassigned in the General Fund		336,728
Total fund balance	$	826,440

(9) – RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the Town is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim or loss. The Town is also to allow the pools' agents and attorneys to represent the Town in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Town within the scope of loss protection furnished by the funds.

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

(9) – RISK MANAGEMENT (CONT.)

The Town has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The Town is not aware of any claims which the Town is liable for (up to the applicable deductible) which were outstanding and unpaid at December 31, 2019. No provisions have been made in the financial statements for the year ended December 31, 2019 for any estimate of potential unpaid claims.

The Town carries a combined property, casualty, and crime coverage with the Georgia Interlocal Risk Management Agency (GIRMA).

Coverage's are as follows:

Coverage description –property:	
Building and contents, mobile equipment and Boiler & machinery	$2,213,244
Automobile physical damage	Actual Cash Value
Coverage description – casualty:	
General liability	$ 1,000,000
Law enforcement liability	1,000,000
Automobile liability	1,000,000
Errors and omissions (Public officials) liability	1,000,000
Employee benefits liability	1,000,000
Coverage description – crime:	
Blanket bond/employee dishonesty	500,000
Depositors forgery	500,000
Money and securities – loss inside and outside premises	500,000
Coverage description – environmental:	
GIRMA environmental impairment liability	
Per occurrence limits of liability	1,000,000
General aggregate limits of liability	2,000,000
Deductible:	
General liability	0
Law enforcement liability	0
Automobile liability	0
Errors and omissions (Public officials) liability	0
Employee benefits liability	0
Property	1,000
Mobile equipment	1,000
Boiler & machinery	1,000
Automobile physical damage	1,000
Crime	1,000
Environmental	1,000
Coverage's subject to a retroactive date:	
(Unless stated otherwise in the coverage exceptions)	
Public officials liability	9/1/1988
Employee benefits liability	9/1/1988

(9) – RISK MANAGEMENT (CONT.)

Coverage is subject to all terms, conditions and internal limits as specified in the GIRMA member coverage agreement.

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceeded the Town's insurance coverage during the past three years.

(10) – CONTINGENT LIABILITIES

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 government expects such amounts, if any, to be immaterial.

The Town has stated that it is not involved in any lawsuit that will have a material effect on the financial condition of the Town.

(11) – EMPLOYEE RETIREMENT SYSTEM

The Town does not provide any retirement, pension, or profit sharing plan for its employees.

(12) – HOTEL/MOTEL LODGING TAX

Pursuant to an ordinance on June 27, 2005, January 1, 2006 Thomas County began levying a 5% lodging tax in accordance with O.C.G.A. 48-13-51 and expends 50% of the hotel/motel tax collections for the purpose of promoting tourism. This tax increased to 8% on July 1, 2016.

Thomas County paid the Town of Ochlocknee $5,489 from their Hotel/Motel Tax Fund in 2019. The Town did not have any promotion of tourism expenditures in 2019.

(13) – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 2, 2020, which is the date the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of April 2, 2020, Georgia Governor Brian P. Kemp issued a statewide Shelter in Place Executive Order to help slow the spread of COVID-19. He issued the closure of the physical location of every "non-life sustaining" ["non-essential"] business for what may be an extended period of time. There has been no immediate impact to our operations. Future potential impacts may include continued disruptions or restrictions on our employees' ability to work. The future effects of these issues are unknown. The order was lifted on April 30, 2020. The Town has stated that its operations have not been materially affected by the pandemic.

OTHER FINANCIAL INFORMATION

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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*

Honorable Mayor and Members
of the Town Council
Town of Ochlocknee, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the related notes to the financial statements of the Town of Ochlocknee, Georgia, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Ochlocknee, Georgia's basic financial statements and have issued our report thereon dated December 2, 2020.

Internal Control Over Financial Reporting

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

Our consideration of 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2016-001 and 2019-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 1997-001 to be a significant deficiency.

Compliance and Other Matters

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

The Town of Ochlocknee, Georgia's Response to Findings

The Town of Ochlocknee, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Ochlocknee, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Simmons, Mills & Simmons P.C.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

December 2, 2020

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of Findings and Responses
Year Ended December 31, 2019

Prior year's findings and responses:

1997-001

Condition – The Town has a deficiency in its control structure due to a lack of segregation of duties.

Effect – The Town Clerk performs many of the accounting functions which gives her the ability to control the financial records and reports.

Recommendation – The Mayor and Town Council should closely monitor and approve the monthly financial activity.

Status – Our test determined that this condition still exists.

Views of responsible officials and planned corrective actions – The Town's management concurs with the finding. The Mayor and Town Council will continue to closely monitor and approve the monthly financial activity.

2016-001

Condition – Our 2016 audit procedures noted that the 2017 general ledgers were not current.

Cause – The Town's clerk has not been able to keep the general ledger current due to health issues.

Effect – Without current financial statements, it is difficult for the council to manage the financial affairs of the Town.

Status – The condition still exists. The current clerk was unable to keep the monthly bookkeeping current in 2017, 2018, 2019 and 2020 as well. The Town has hired an outside consultant on several separate occasions to catch up the Town's bookkeeping. In October 2020, the Town hired the outside consultant again to catch up the 2019 through current bookkeeping. As of the date of this report, the Town had the consultant catch up the 2020 bookkeeping as well. The Town has also hired an assistant clerk to help with the day to day operations. The consultant plans to train the clerk and assistant clerk on governmental bookkeeping.

Recommendation – The Town needs to provide the current clerk and assistant clerk with additional training and assistance. They should consider retaining the outside consultant to continue training the current clerk and keep the bookkeeping up to date each month. Management should send the clerk to the appropriate training courses.

Views of responsible officials and planned corrective actions – The Town's management concurs with the finding. The Mayor and council feel that the current clerk needs to be given additional training and assistance in order for her to successfully fulfill her responsibilities as clerk. Management will retaining the outside consultant to assist the clerk in the monthly bookkeeping as well as providing training for her position until they feel that she is properly trained.

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of Findings and Responses
Year Ended December 31, 2019

Current year findings:

2019-001

Condition: The Town's general ledger accounts were not properly reconciled or accurate. These accounts included bank accounts, internal balances, and transfers to/from other funds. The Town clerk prepared some bank reconciliations for 2019, however they were not accurate. Also, several of the general ledger accounts were not accurate or reconciled.

Criteria: Adequate internal controls require certain general ledger accounts to be balanced and reconciled each month. Adequate internal controls also require properly trained accounting staff.

Effect: Several of the general ledger accounts, including bank accounts, were misstated, and not corrected in a timely manner. This is a weakness in internal controls related to the bank reconciliations and the general ledger.

Status: We extended our audit procedures and found the bank reconciliations and general ledgers for 2020 were not complete and up to date. As of the audit report date, the Town has hired an outside consultant to help update the Town's bookkeeping and prepare the bank reconciliations.

Recommendation: The general ledger accounts should be reconciled each month. The Town Clerk should get additional training related to journal entries and on how to prepare bank reconciliations. The Town's management should consider retaining the services of the consultant to keep up the Town's bookkeeping until it is determined that they have properly trained staff that are capable of keeping up the bookkeeping in a timely manner.

Views of responsible officials and planned corrective actions: The Town's management concurs with the finding. They have hired the consultant to update the bookkeeping to current and plan to retain her services until management feels that the Town's staff is properly trained.

TOWN OF OCHLOCKNEE

P.O. BOX 56
OCHLOCKNEE, GEORGIA 31773
TELEPHONE 229-574-5188

December 2, 2020

Mr. Greg S. Griffin,
State Auditor
Department of Audits and Accounts
270 Washington Street, SW, Room 1-156
Atlanta, Ga. 30334-8400

Re: Town of Ochlocknee
Year Ending December 31, 2019
Corrective Action Plan Revision

Dear Mr. Griffin:

Enclosed is the Town of Ochlocknee's corrective action plan as required by Section 36-81-7 of the Official Code of Georgia Annotated. After reviewing this plan, I trust that you will find that it is in compliance with the above code. Please notify us of your decision.

Sincerely,

Ronelle Searcy
Mayor

TOWN OF OCHLOCKNEE, GEORGIA
Corrective Action Plan
For The Year Ended December 31, 2019

Finding/Recommendation:

The Town does not have segregation of duties within its accounting system. The Mayor and the Town Council should continue to stay involved with the financial affairs of the Town.

Corrective Action Plan/Management Response:

We concur with this recommendation. The Town cannot establish appropriate segregation of duties because it is not cost effective. The Mayor and Town Council approves all invoices and reviews the monthly financial statements. This level of involvement with the financial affairs of the Town by the Mayor and Council helps to overcome the weakness of no segregation of duties. We believe that this allows the Town to comply with the audit recommendation.

Finding/Recommendation:

Our 2016 audit procedures noted that the 2017 general ledgers were not current. The condition still existed in 2017 and 2018. The current clerk was unable to keep the monthly bookkeeping current in for the 2019 year as well. The Town hired an outside consultant on several separate occasions to catch the Town's bookkeeping. In October 2020, the Town again hired the outside consultant to catch up the 2019 bookkeeping through current. As of the date of this report, the Town had the consultant catch up 2020 bookkeeping as well. The Town hired an assistant clerk as well to assist in the day to day operations. The consultant plans to train the clerk and assistant clerk on governmental bookkeeping. Without current financial statements, it is difficult for the council to manage the financial affairs of the Town. The Town should consider retaining the consultant monthly to train the current clerk and keep the bookkeeping up to date.

Corrective Action Plan/Management Response:

The Town's management concurs with the finding. The Mayor and council feel that the current clerk needs to be given additional training and assistance in order for her to successfully fulfill her responsibilities as clerk. Management will consider retaining the outside consultant to assist the clerk in the monthly bookkeeping as well as providing training for her position.

Finding/Recommendation:

The Town's general ledger accounts were not properly reconciled or accurate. These accounts included bank accounts, internal accounts, and transfers to/from other funds. The Town clerk prepared some bank reconciliations for 2019, however they were not accurate. Also, several of the general ledger accounts were not accurate or reconciled. The Town Clerk should get additional training related to journal entries and on how to prepare bank reconciliations. The Town's management should consider retaining the services of the consultant to keep up the Town's bookkeeping until it is determined that they have properly trained staff that are capable of keeping up the bookkeeping in a timely manner.

Corrective Action Plan/Management Response:

We concur with this recommendation. They have hired the consultant to update the bookkeeping to current and plan to retain her services until management feels that the Town's staff is properly trained.

SIMMONS, MILLS & SIMMONS P.C.

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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

Honorable Mayor and Members
of the Town Council
Town of Ochlocknee, Georgia

We have audited the accompanying Schedules of Special Purpose Local Option Sales Tax for the Town of Ochlocknee, Georgia for the year ended December 31, 2019. These schedules are the responsibility of the Town of Ochlocknee, Georgia's management. Our responsibility is to express an opinion on the Schedules of Special Purpose Local Option Sales Tax based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedules of Special Purpose Local Option Sales Tax are prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1 and are not intended to be a complete presentation of the Town of Ochlocknee's revenues and expenditures.

In our opinion, the Schedules of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project of the Town of Ochlocknee for the year ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Simmons, Mills & Simmons P.C.
Simmons, Mills & Simmons P.C.
Thomasville, Georgia

December 2, 2020

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of 2017 Special Purpose Local Option Sales Tax - Thomas County
Year Ended December 31, 2019

	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Street repairs	$ 130,000	$ -	$ -	$ -
Water systems	500,000	-	-	-
Street repairs & water systems	$ 630,000	$ -	$ -	$ -

Note: Beginning in 2019, Thomas County began collecting on the 2017 Special Purpose Local Option Sales Tax referendum. Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for the year ended December 31, 2019 was $122,030.

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of 2012 Special Purpose Local Option Sales Tax - Thomas County
Year Ended December 31, 2019

	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Capital Projects:				
Water system	$ 160,000	$ 21,904	$ 3,455	$ 25,359
Sewer system	225,000	190,976	7,783	198,759
Streets	100,000	42,811	20,391	63,202
Public safety	40,000	-	-	-
	$ 525,000	$ 255,691	$ 31,629	$ 287,320

Note: Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for the year ended December 31, 2019 was $0.

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of 2006 Special Purpose Local Option Sales Tax
Year Ended December 31, 2019

	Original Estimated Cost	Expenditures		Total
		Prior Years	Current Year	
Capital Projects:				
Water system	$ 53,250	$ 170,336	$ -	$ 170,336
Sewer system	53,250	122,253	-	122,253
Streets	53,250	35,330	-	35,330
Public safety	53,250	-	-	-
Totals	$ 213,000	$ 327,919	$ -	$ 327,919

Note: Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for the year ended December 31, 2019 was $0.

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of 2012 Special Purpose Local Option Sales Tax - Recreation - Thomasville
Year Ended December 31, 2019

	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Recreation Project: Improvements to the Senior Citizens Bldg	$ 29,400	$ 29,638	$ -	$ 29,638

Note: Special Purpose Local Option Sales Tax received from the City of Thomasville, GA for the year ended December 31, 2019 was $0.