TOWN OF OCHLOCKNEE, GEORGIA

FINANCIAL STATEMENTS

FOR YEAR ENDED

DECEMBER 31, 2021

TOWN OF OCHLOCKNEE
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Ochlocknee, Georgia, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Ochlocknee, Georgia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ochlocknee, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Ochlocknee, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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 August 31, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Ochlocknee, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Ochlocknee, Georgia's internal control over financial reporting and compliance.

Simmons, Mills + Simmons P.C.

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

August 31, 2022

BASIC FINANCIAL STATEMENTS

TOWN OF OCHLOCKNEE, GEORGIA
Government-wide Statement of Net Position
December 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash investments	$ 1,234,669	$ 5	$ 1,234,674
Receivables (net of allowance for doubtful accounts):			
Taxes	18,074	-	18,074
Accounts	-	16,149	16,149
Intergovernmental receivable	21,883	11,800	33,683
Internal balances	-	-	-
Prepaid items	5,111	3,803	8,914
Capital assets:			
Land	91,789	-	91,789
Buildings	83,089	-	83,089
Improvements	202,554	-	202,554
Equipment	139,743	244,765	384,508
Infrastructure	-	2,707,606	2,707,606
Construction in progress		93,447	93,447
Accumulated depreciation	(341,441)	(2,135,452)	(2,476,893)
Total assets	1,455,471	942,123	2,397,594
Liabilities:			
Accounts payable	3,348	17,395	20,743
Accrued liabilities	4,337	-	4,337
Unearned revenue	114,154	-	114,154
Customer deposits	-	20,032	20,032
Compensated absences	1,962	-	1,962
Noncurrent liabilities:			
Due within one year	-	-	-
Due in more than one year	-	93,447	93,447
Compensated absences	4,578	-	4,578
Total liabilities	128,379	130,874	259,253
Net position:			
Net investment in capital assets	175,734	816,919	992,653
Restricted for:			
Capital projects	613,965	-	613,965
Perpetual care	84,651	-	84,651
Hotel/Motel Tax	23,271	-	23,271
Unrestricted (deficit)	429,471	(5,670)	423,801
Total net position	$ 1,327,092	$ 811,249	$ 2,138,341

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2021

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	$ 105,363	$ 4,847	$ 5,126	$ -	$ (95,390)	$ -	$ (95,390)
Public safety	62,755	-	5,126	-	(57,629)	-	(57,629)
Public works	84,165	1,500	4,284	143,520	65,139	-	65,139
Housing and development	-	-	3,617	-	3,617	-	3,617
Cultural and recreational	15,358	-	5,000	-	(10,358)	-	(10,358)
Total governmental activities	267,641	6,347	23,153	143,520	(94,621)	-	(94,621)
Business-type activities:							
Water and sewer	199,003	125,194	-	-	-	(73,809)	(73,809)
Sanitation	35,024	50,225	-	-	-	15,201	15,201
Total business-type activities	234,027	175,419	-	-	-	(58,608)	(58,608)
Total government	$ 501,668	$ 181,766	$ 23,153	$ 143,520	$ (94,621)	$ (58,608)	$ (153,229)
General revenues:							
Taxes:							
Property taxes					$ 84,004	$ -	$ 84,004
Sales taxes					60,287	-	60,287
Other taxes					56,120	-	56,120
Franchise fees					25,943	-	25,943
Gain on dispostion of capital assets					-	-	-
Investment earnings					301	-	301
Miscellaneous					9,709	-	9,709
Transfers					11,103	(11,103)	-
Total general revenues and transfers					247,467	(11,103)	236,364
Change in net position					152,846	(69,711)	83,135
Net position - beginning					1,174,246	880,960	2,055,206
Net position - ending					$ 1,327,092	$ 811,249	$ 2,138,341

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Balance Sheet
Governmental Funds
Year Ended December 31, 2021

	General Fund	American Rescue Plan Fund	SPLOST Fund	Hotel/Motel Tax Fund	Cemetery Fund	Total Governmental Funds
Assets:						
Cash	$ 413,881	$ 114,154	$ 599,314	$ 22,209	$ 85,111	$ 1,234,669
Receivables (net where applicable of allowance for doubtful accounts):						
Taxes	18,074	-	-	-	-	18,074
Accounts	-	-	-	-	-	-
Interfund receivable	460	-	-	-	-	460
Intergovernmental receivables	6,170	-	14,651	1,062	-	21,883
Prepaid items	5,111	-	-	-	-	5,111
Total assets	$ 443,696	$ 114,154	$ 613,965	$ 23,271	$ 85,111	$ 1,280,197
Liabilities, deferred inflows and fund balances:						
Liabilities:						
Accounts payable	$ 3,348	$ -	$ -	$ -	$ -	$ 3,348
Interfund payables	-	-	-	-	460	460
Accrued liabilities	4,337	-	-	-	-	4,337
Unearned revenue	-	114,154	-	-	-	114,154
Total liabilities	7,685	114,154	-	-	460	122,299
Deferred inflows - property taxes	15,602	-	-	-	-	15,602
Fund balances:						
Nonspendable:						
Prepaid items	5,111	-	-	-	-	5,111
Restricted for:						
Promotion of tourism	-	-	-	23,271	-	23,271
Capital projects funds	-	-	613,965	-	-	613,965
Perpetual care	-	-	-	-	84,651	84,651
Unassigned	415,298	-	-	-	-	415,298
Total fund balances	420,409	-	613,965	23,271	84,651	1,142,296
Total liabilities, deferred inflows and fund balances	$ 443,696	$ 114,154	$ 613,965	$ 23,271	$ 85,111	$ 1,280,197

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, 2021

Total fund balances - total governmental funds		$ 1,142,296
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	(341,441)	175,734
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.		15,602
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(6,540)
Net position of governmental activities		$ 1,327,092

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, 2021

	General Fund	American Rescue Plan Fund	SPLOST Fund	Hotel/Motel Tax Fund	Cemetery Fund	Total Governmental Funds
Revenues:						
General property taxes	$ 106,198	$ -	$ -	$ -	$ -	$ 106,198
Sales and use taxes	60,287	-	-	-	-	60,287
Other taxes	56,120	-	-	-	-	56,120
Licenses and permits	3,741	-	-	-	-	3,741
Intergovernmental revenues	5,000	12,815	143,147	3,617	-	164,579
Charges for services	1,106	-	-	-	1,500	2,606
Interest income	221	-	373	11	69	674
Contributions and donations	-	-	-	-	1,721	1,721
Miscellaneous revenues	9,709	-	-	-	-	9,709
Total revenues	242,382	12,815	143,520	3,628	3,290	405,635
Expenditures:						
Current:						
General government	104,900	-	-	-	-	104,900
Public safety	61,698	-	-	-	-	61,698
Public works	59,574	-	-	-	3,310	62,884
Housing and development	-	-	-	4,205	-	4,205
Culture and recreation	7,996	-	-	-	-	7,996
Capital projects	-	-	19,161	-	-	19,161
Debt service	-	-	-	-	-	-
Total expenditures	234,168	-	19,161	4,205	3,310	260,844
Excess (deficiency) of revenues over expenditures	8,214	12,815	124,359	(577)	(20)	144,791
Other Financing Sources (Uses):						
Proceeds from sale of assets	-	-	-	-	-	-
Transfers in	45,196	-	-	-	-	45,196
Transfers out	(5,977)	(12,815)	-	-	-	(18,792)
Total other financing sources (uses)	39,219	(12,815)	-	-	-	26,404
Net change in fund balances	47,433	-	124,359	(577)	(20)	171,195
Fund balances - beginning	372,976	-	489,606	23,848	84,671	971,101
Fund balances - ending	$ 420,409	$ -	$ 613,965	$ 23,271	$ 84,651	$ 1,142,296

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, 2021

Net change in fund balances - total governmental funds		$ 171,195
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.		(20,578)
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.		-
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 12/31/21	$ 15,602	
Deferred taxes 12/31/20	11,853	3,749
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 12/31/20	5,020	
Liability 12/31/21	6,540	(1,520)
Change in net position of governmental activities		$ 152,846

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, 2021

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
General property taxes	$ 108,900	$ 113,100	$ 106,198	$ (6,902)
Sales and use taxes	55,000	60,000	60,287	287
Other taxes	54,000	56,100	56,120	20
Licenses and permits	7,500	7,500	3,741	(3,759)
Intergovernmental revenues	-	5,000	5,000	-
Charges for services	500	500	1,106	606
Interest income	700	700	221	(479)
Contributions and donations	-	-	-	-
Miscellaneous revenues	15,000	22,000	9,709	(12,291)
Carryover of funds	(66,490)	(49,200)	-	49,200
Total revenues	175,110	215,700	242,382	26,682
Expenditures:				
Current:				
General government	100,410	122,300	104,900	(17,400)
Public safety	53,000	65,000	61,698	(3,302)
Public works	60,300	65,000	59,574	(5,426)
Culture and recreation	5,000	7,000	7,996	996
Capital outlay	-	-	-	-
Total expenditures	218,710	259,300	234,168	(25,132)
Excess (deficiency) of revenues over expenditures	(43,600)	(43,600)	8,214	51,814
Other financing sources (uses):				
Proceeds from sale of assets	-	-	-	-
Transfers in	43,600	43,600	45,196	1,596
Transfers out	-	-	(5,977)	(5,977)
Total other financing sources (uses)	43,600	43,600	39,219	(4,381)
Excess (deficiency) of revenues and other financing and other uses	-	-	47,433	47,433
Fund balances - beginning	372,976	372,976	372,976	372,976
Fund balances - ending	$ 372,976	$ 372,976	$ 420,409	$ 420,409

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
American Rescue Plan Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
GAAP Basis
Year Ended December 31, 2021

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Intergovernmental revenues		$ 126,970	$ 12,815	$ (114,155)
Carryover of funds	-	-	-	-
Total revenues	-	126,970	12,815	(114,155)
Expenditures:				
Current:				
Capital Outlay		114,150		(114,150)
Personal Services	-	12,820	-	(12,820)
Total expenditures	-	126,970	-	(126,970)
Excess of revenues over expenditures	-	-	12,815	12,815
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(12,815)	12,815
Total other financing sources (uses)	-	-	(12,815)	12,815
Excess of revenues and other financing and other uses	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

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, 2021

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Intergovernmental revenues	$ 6,000	$ 6,000	$ 3,617	$ (2,383)
Interest income	100	100	11	(89)
Miscellaneous income	-	-	-	-
Carryover of funds	-	-	-	-
Total revenues	6,100	6,100	3,628	(2,472)
Expenditures:				
Current:				
Housing and development	6,100	6,100	4,205	(1,895)
Total expenditures	6,100	6,100	4,205	(1,895)
Excess of revenues over expenditures	-	-	(577)	(577)
Fund balances - beginning	23,848	23,848	23,848	23,848
Fund balances - ending	$ 23,848	$ 23,848	$ 23,271	$ 23,271

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, 2021

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Charges for services	$ 4,500	$ 4,500	$ 1,500	$ (3,000)
Interest income	600	600	69	(531)
Contributions and donations	-	-	1,721	1,721
Miscellaneous revenues	-	-	-	-
Total revenues	5,100	5,100	3,290	(1,810)
Expenditures:				
Current:				
Public works	5,100	5,100	3,310	(1,790)
Total expenditures	5,100	5,100	3,310	(1,790)
Excess of revenues over expenditures	-	-	(20)	(20)
Fund balances - beginning	84,671	84,671	84,671	84,671
Fund balances - ending	$ 84,671	$ 84,671	$ 84,651	$ 84,651

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2021

	Water & Sewer	Sanitation	Totals
Assets:			
Current assets:			
Cash	$ 5	$ -	$ 5
Receivables (net where applicable of allowance for doubtful accounts):			
Accounts	11,008	5,141	16,149
Intergovernmental	11,800	-	11,800
Prepaid items	2,497	1,306	3,803
Total current assets	25,310	6,447	31,757
Noncurrent assets:			
Capital assets:			
Equipment	139,662	105,103	244,765
Infrastructure	2,707,606	-	2,707,606
Construction in progress	93,447	-	93,447
Accumulated depreciation	(2,035,255)	(100,197)	(2,135,452)
Total capital assets, net of accumulated depreciation	905,460	4,906	910,366
Total assets	$ 930,770	$ 11,353	$ 942,123
Liabilities:			
Current liabilities:			
Accounts payable	$ 15,897	$ 1,498	$ 17,395
Notes payable	-	-	-
Unearned revenue	-	-	-
Other payable	-	-	-
Customer deposits	20,032	-	20,032
Total current liabilities	35,929	1,498	37,427
Noncurrent liabilities:			
Notes payable	93,447	-	93,447
Total liabilities	$ 129,376	$ 1,498	$ 130,874
Net Position:			
Net investment in capital assets	$ 812,013	$ 4,906	$ 816,919
Unrestricted (deficiency)	(10,619)	4,949	(5,670)
Total net position	$ 801,394	$ 9,855	$ 811,249

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, 2021

	Business Type Activities - Enterprise Funds		
	Water & Sewer	Sanitation	Totals
Operating revenues:			
Charges for services - water	$ 59,616	$ -	$ 59,616
Charges for services - sewer	63,923	-	63,923
Charges for services - sanitation	-	50,225	50,225
Miscellaneous	1,655	-	1,655
Total operating revenues	125,194	50,225	175,419
Operating expenses:			
Personal services	13,380	2,913	16,293
Purchased/contracted services	85,813	21,943	107,756
Supplies	19,191	9,923	29,114
Depreciation	80,619	245	80,864
Total operating expenses	199,003	35,024	234,027
Income (loss) from operations	(73,809)	15,201	(58,608)
Non-operating revenues (expenses):			
Gain (loss) on disposition of capital assets	-	-	-
Interest expense	-	-	-
Total non-operating revenues (expenses)	-	-	-
Income (loss) before transfers and capital contributions	(73,809)	15,201	(58,608)
Transfer from other funds	5,977	-	5,977
Transfer to other funds	(15,998)	(16,383)	(32,381)
Capital contributions	10,149	5,152	15,301
Change in net positions	(73,681)	3,970	(69,711)
Net position - beginning	875,075	5,885	880,960
Net position - ending	$ 801,394	$ 9,855	$ 811,249

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2021

	Business Type Activities - Enterprise Funds		
	Water & Sewer	Sanitation	Totals
Cash flows from operating activities:			
Cash received from customers	$ 114,207	$ 50,802	$ 165,009
Other operating cash receipts	-	-	-
Cash payments to suppliers for goods and services	(92,725)	(33,159)	(125,884)
Cash payments to employees for services	(11,456)	(1,260)	(12,716)
Net cash provided (used) by operating activities	10,026	16,383	26,409
Cash flows from noncapital financing activities:			
Transfers from other funds	5,977	-	5,977
Transfers to other funds	(15,998)	(16,383)	(32,381)
Net cash provided (used) by noncapital financing activities	(10,021)	(16,383)	(26,404)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(93,447)	-	(93,447)
Proceeds from sale of capital assets	-	-	-
Intergovernmental revenue	-	-	-
Proceeds from debt	93,447	-	93,447
Transfers from other funds	-	-	-
Interest paid on notes	-	-	-
Loan payments	-	-	-
Contributed capital	-	-	-
Net cash provided (used) by capital and related financing activities:	-	-	-
Net increase (decrease) in cash and cash investments	5	-	5
Cash and cash investments, January 1	-	-	-
Cash and cash investments, December 31	$ 5	$ -	$ 5
Non-cash from capital and related financing activities:			
Repairs to water system paid by the SPLOST Fund for the Water & Sewer Fund	$ 2,303	$ -	$ 2,303
Equipment purchased by the SPLOST Fund for the Water & Sewer Fund	7,846	-	7,846
Equipment purchased by the SPLOST Fund for the Sanitation Fund	-	5,152	5,152

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2021

	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	$ (73,809)	$ 15,201	$ (58,608)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation and amortization	80,619	245	80,864
Repairs paid by SPLOST	2,303	-	2,303
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(11,437)	577	(10,860)
(Increase) decrease in prepaid items	82	51	133
Increase (decrease) in accounts payable	11,818	309	12,127
Increase (decrease) in customer deposits payable	450	-	450
Net cash provided (used) by operating activities	$ 10,026	$ 16,383	$ 26,409

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.):

American Rescue Plan Fund –

This fund accounts for the American Rescue Plan Act grant activity of the Town. The Town intends to use these funds for compensation of personnel and capital purposes.

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, American Rescue Plan Fund, Hotel/Motel Tax Fund, Cemetery Fund and the enterprise funds. Amounts presented for the General Fund, American Rescue Plan 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, 2021 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:

A. 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.

(2) – LEGAL COMPLIANCE – BUDGETS (CONT.)

Excess of Expenditures over Appropriations

The Town's expenditures exceeded appropriations, as amended, at the legal level of control in the following department within the general fund:

Fund/Department	Budget	Actual	Excess
General Fund:			
Culture and recreation	7,000	7,996	996

The Town will monitor expenditures and appropriations and make budget amendments as needed in subsequent years.

B. Legal Compliance

As indicated above, 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, less FDIC insurance. The Town reported $173,396 of funds that were not collateralized at 110 percent. This may be a violation of Georgia state statutes.

(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, 2021, the Town had $173,396 of deposits that were neither covered by the Federal Depository Insurance Corporation nor collateralized by sufficient pledged assets by its financial institution.

At year end, the bank balance was $1,168,436 and the carry amount of the Town's deposits was $1,234,674.

Investments – As of December 31, 2021, the Town had no investments.

(4) – RECEIVABLES

The receivables as of December 31, 2021, 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	$ 18,074	$ -	$ -	$ -	$ -	$ 18,074
Accounts	-	-	-	12,950	5,141	18,091
Intergovernmental	6,170	14,651	1,062	11,800	-	33,683
Gross Receivables	24,244	14,651	1,062	24,750	5,141	69,848
Less: Allowance for doubtful accounts	-	-	-	1,942	-	1,942
Net total receivables	$ 24,244	$ 14,651	$ 1,062	$ 22,808	$ 5,141	$ 67,906

Property taxes are levied as of October 4th on property values assessed as of January 1st. The bills were mailed on October 15th 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, 2021 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	139,743	12,998	12,998	139,743
Total capital assets being depreciated	425,386	12,998	12,998	425,386
Less accumulated depreciation for:				
Buildings and improvements	204,115	14,384	-	218,499
Equipment	116,748	6,194	-	122,942
Total accumulated depreciation	320,863	20,578	-	341,441
Total capital assets, being depreciated, net	104,523	(7,580)	12,998	83,945
Governmental activities capital assets, net	$ 196,312	$ (7,580)	$ 12,998	$ 175,734
Business-type activities:				
Capital assets not being depreciated				
Construction in progress	$ -	$ 93,447	$ -	$ 93,447
Total capital assets not being depreciated	-	93,447	-	93,447
Capital assets being depreciated				
Infrastructure	2,699,760	7,846	-	2,707,606
Equipment	239,613	5,152	-	244,765
Total capital assets, being depreciated	2,939,373	12,998	-	2,952,371
Less accumulated depreciation for:				
Infrastructure	1,879,930	65,675	-	1,945,605
Equipment	174,658	15,189	-	189,847
Total accumulated depreciation	2,054,588	80,864	-	2,135,452
Total capital assets being depreciated, net	884,785	(67,866)	-	816,919
Business-type activities capital assets, net	$ 884,785	$ 25,581	$ -	$ 910,366

The Town replaced the transmission of the Sanitation Fund's garbage truck, totaling $5,152, as well as installed a new lift station pump, totaling $7,846, for the Water & Sewer Fund with SPLOST funds.

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

Governmental activities:	
General government	$ -
Public works	17,421
Culture and recreation	3,157
Total depreciation expense - Governmental activities	$ 20,578
Business-type activities:	
Water and sewer	$ 80,619
Sanitation	245
Total depreciation expense - Business-type activities	$ 80,864

(6) – LONG-TERM DEBT

At December 31, 2021, the Town had the following note payable:	Business-Type
Note payable – Drinking Water State Revolving Loan Fund, Disaster Relief Act – The Town signed this note for $1,195,000 dated November 5, 2020. The purpose of this loan is to finance the cost of a 200,000 gallon elevated water storage tank, a water treatment building, install a SCADA system, emergency generator, and related appurtenances. The loan will be scheduled for repayment over a 20 year period at an interest rate of 0% calling for monthly installments of approximately $2,988. The Town secured the loan with a $717,000 Water Revenue Bond issued by the Georgia Environmental Financial Authority (GEFA). If all funds are drawn, GEFA may award the Town principal forgiveness in the amount of $478,000.	
The construction period of the loan consists of drawdowns by the Town.	81,647
Note payable – Clean Water State Revolving Loan Fund, Disaster Relief Act – The Town signed this note for $118,000 dated November 5, 2020. The purpose of this loan is to finance the cost of two emergency generators and related appurtenances. The loan will be scheduled for repayment over a 20 year period at an interest rate of 0% calling for monthly installments of approximately $435. The Town secured the loan with a $104,380 Water Revenue Bond issued by the GEFA. If all funds are drawn, GEFA may award the Town principal forgiveness in the amount of $13,620.	
The construction period of the loan consists of drawdowns by the Town.	11,800
Total business-type long-term debt	$ 93,447

The following is a summary of changes in long-term debt for the year ended December 31, 2021:

	Balance January 1	Issues or Additions	Payments or Expenditures	Balance December 31	Due in One Year
Governmental Activities:					
Compensated absences	$ 5,020	$ 11,152	$ 9,632	$ 6,540	$ 1,962
Total for governmental activities	5,020	11,152	9,632	6,540	1,962
Business-Type Activities:					
Note payable - Drinking Water State Revolving Loan Fund	-	81,647	-	81,647	-
Note payable - Clean Water State Revolving Loan Fund	-	11,800	-	11,800	-
Total for business-type activities	-	93,447	-	93,447	-
Total for government	$ 5,020	$ 104,599	$ 9,632	$ 99,987	$ 1,962

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, 2021 were as follows:

Fund	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
General Fund	$ 460	$ -	$ 45,196	$ 5,977
SPLOST Fund	-	-	-	-
Cemetery Fund	-	460	-	-
ARPA Fund	-	-	-	12,815
Water & Sewer Fund	-	-	5,977	15,998
Sanitation Fund	-	-	-	16,383
Totals	$ 460	$ 460	$ 51,173	$ 51,173

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, 2021:

Nonspendable:	
Prepaid items - This is prepaid insurance in the General Fund	$ 5,111
Restricted for construction of capital assets - This is net position restricted by state law as follows:	
SPLOST Fund - Restricted by state law	613,965
Restriced for promotion of tourism:	
Hotel/Motel Tax Fund - Restricted by state law	23,271
Restricted for perpetual care:	
Cemetery Fund - Restricted by donors	84,651
Unassigned:	
This is the amount unassigned in the General Fund	415,298
Total fund balance	$ 1,142,296

(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.

(9) – RISK MANAGEMENT (CONT.)

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.

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, 2021. No provisions have been made in the financial statements for the year ended December 31, 2021 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	$2,331,444
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

(9) – RISK MANAGEMENT (CONT.)

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

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 $3,617 from their Hotel/Motel Tax Fund in 2021. The Town spent $4,205 in these funds towards promotion of tourism for the Town of Ochlocknee in 2021.

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, which collectively comprise Town of Ochlocknee, Georgia's basic financial statements and have issued our report thereon dated August 31, 2022.

Report on Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as items 2021-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 1997-001, 2021-003 and 2021-004.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002.

Town of Ochlocknee, Georgia's Response to Findings

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

Purpose of This Report

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

Simmons, Mills & Simmons P.C.

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

August 31, 2022

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of Findings and Responses
Year Ended December 31, 2021

Prior year 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.

Status – Our test determined that this condition still exists.

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

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.

Current year findings and responses:

2021-001

Condition – The Town's expenditures exceeded appropriations, as amended, at the legal level of control in the recreation department of the general fund.

Criteria – Official Code of Georgia Annotated (O.C.G.A.) Section 36-81-3: Each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. Nothing contained in this code section shall preclude a local government from amending its budget so as to adapt to changing governmental needs during the budget period.

Effect – Possible noncompliance with above statute:

Department	Budget	Actual	Variance
Culture and recreation	$ 7,000	$ 7,996	$ 996

Recommendation – The Town should review its financial statements in relation to the budget on a regular basis and amend the budget as needed throughout the year.

Views of responsible officials and planned corrective actions – The Town's management concurs with the finding. The Mayor and council closely monitor the Town's spending as compared to the budget and amend the budget as needed.

Current year findings and responses: (Cont.)

2021-002

Condition – At year end, the Town may have not been in compliance with the state statute on deposits at one of its depositories. The deposits at this bank less FDIC coverage multiplied by 110% equal $833,396. The bank had only pledged $660,000 of collateral. This resulted in $173,396 of uncollateralized deposits.

Criteria – Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12(a). The collecting officer holding public funds may not have a deposit at any one time in any depository for a time longer than ten days a sum of money belonging to the public body when such depository has not given a bond to the public body as set forth in this code section. A depository may secure deposits made with it partly be surety bond, partly by deposit of any one or more of the obligations referred to in subsection (a) of this code section, partly by the guarantee or insurance referred to in subsection (b) of this code section, or by any combination of these methods. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to no less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance.

Effect – Failure to collateralize deposits as required above may be a violation of this statute.

Recommendation – The Town should continue to monitor deposits and pledges. The Town should require the bank to pledge enough collateral to cover deposits as required by the above statute. As of the date of this report, the bank has provided additional collateral needed to be in compliance.

2021-003

Condition – The Town Clerk did not file some of the payroll returns timely and was late on some tax payments resulting in penalties.

Criteria – The Town should have internal controls in place to ensure that returns are filed on time and tax deposits are paid on time.

Effect – The internal controls failed to prevent late filings of payroll tax returns and late payment of taxes.

Recommendation – The Town Clerk should make sure that all payroll returns are filed and paid in a timely manner.

Views of responsible officials and planned corrective actions – The Town's management concurs with the finding. The prior Town Clerk has resigned, and the prior Assistant Clerk is now the Town Clerk. She will receive additional training in 2022 to ensure that all payroll returns are filed and deposits are paid timely.

Current year findings and responses: (Cont.)

2021-004

Condition – Several of the bank reconciliations the Town Clerk prepared did not reconcile to the general ledger and were therefore inaccurate.

Criteria – Adequate internal controls require accurate and timely bank reconciliations. A clerk that is not properly trained is a weakness in internal control.

Effect – This is a weakness in internal controls related to the bank reconciliations and general ledger.

Recommendation – The Town Clerk should receive additional training on how to properly prepare bank reconciliations. Each month the reconciliation should be reviewed and approved by the mayor or council member.

Views of responsible officials and planned corrective actions – The Town's management concurs with the finding. The new Town Clerk will receive additional training and the mayor or a council member will review and approve the bank reconciliations each month.

2021-005

Condition – Several of the Town's general ledgers had recording and posting errors that caused certain general ledger accounts to be misstated.

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 – This is a weakness in internal controls. Failure to understand the financial statements caused material misstatements that were not corrected in a timely manner.

Recommendation – The Town Clerk should receive additional training in bookkeeping. The Town should consider hiring an outside consultant to train the clerk. The current clerk should consider attending additional training courses provided to clerks.

Views of responsible officials and planned corrective actions – The Town's management concurs with the finding. The new Town Clerk is already signed up to attend additional clerk training next month. They will also contact the outside consultant to provide the current clerk with additional training.

TOWN OF OCHLOCKNEE

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

August 31, 2022

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, 2021
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, 2021

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:
The Town's expenditures exceeded appropriations at the legal level of control in the recreation department of the general fund. Official Code of Georgia Annotated (O.C.G.A.) Section 36-81-3: Each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. Nothing contained in this code section shall preclude a local government from amending its budget so as to adapt to changing governmental needs during the budget period. The Town should review its financial statements in relation to the budget on a regular basis and amend the budget as needed throughout the year.

Corrective Action Plan/Management Response:
We concur with this recommendation. The Mayor and Town Council will more closely monitor the Town's spending as compared to the budget and amend the budget as needed.

Finding/Recommendation:
At year end, the Town may have not been in compliance with the state statute on deposits at one of its depositories. The deposits at this bank less FDIC coverage multiplied by 110% equaled $833,396. The bank had only $660,000 of collateral. This resulted in a $173,396 of uncollateralized deposits. The Town should continue to monitor deposits and pledges. The Town should require the bank to pledge enough collateral to cover deposits as required by the above statute.

Corrective Action Plan/Management Response:
We concur with this recommendation. The bank has provided additional collateral and The Town Clerk will now maintain an accounting of the collateral needed in order for this to not occur again. If the bank continues to under collateralize the deposits, the Town will move the money to another bank.

Finding/Recommendation:
The Town incurred late filing and payment penalties on several payroll returns. The Town Clerk should make sure that all payroll returns are filed and paid in a timely manner.

Corrective Action Plan/Management Response:
We concur with this recommendation. The new Town Clerk is now will receive additional training to ensure that all payroll returns are filed, and deposits are paid timely.

TOWN OF OCHLOCKNEE, GEORGIA
Corrective Action Plan
For The Year Ended December 31, 2021

Finding/Recommendation:
Several of the bank reconciliations the Town Clerk prepared did not reconcile to the general ledger and were therefore inaccurate. The Town Clerk should receive additional training on how to properly prepare bank reconciliations. Each month the reconciliation should be reviewed and approved by the mayor or council member.

Corrective Action Plan/Management Response:
We concur with this recommendation. The new Town Clerk will receive additional training and the mayor or a council member will review and approve the bank reconciliations monthly.

Finding/Recommendation:
Several of the Town's general ledgers had recording and posting errors that caused certain general ledger accounts to be misstated. The Town Clerk should receive additional training in bookkeeping. The Town should consider hiring an outside consultant to train the clerk. The current clerk should consider attending additional training courses provided to clerks.

Corrective Action Plan/Management Response:
We concur with this recommendation. The new Town Clerk is already registered to attend clerk training next month. We will also contact the outside consultant to provide the current clerk with additional training.

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, 2021. 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, 2021, 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

August 31, 2022

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of 2017 Special Purpose Local Option Sales Tax - Thomas County
Year Ended December 31, 2021

	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, 2021 was $143,147.

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of 2012 Special Purpose Local Option Sales Tax - Thomas County
Year Ended December 31, 2021

	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Capital Projects:					
Water system	$ 160,000	$ 160,000	$ 29,819	$ 2,303	$ 32,122
Sewer system	225,000	225,000	205,631	7,846	213,477
Sanitation	-	6,000	-	5,152	5,152
Streets	100,000	94,000	76,430	3,860	80,290
Public safety	40,000	40,000	-	-	-
	$ 525,000	$ 525,000	$ 311,880	$ 19,161	$ 331,041

Note: Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for the year ended December 31, 2021 was $0.

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of 2006 Special Purpose Local Option Sales Tax
Year Ended December 31, 2021

	Original Estimated Cost	Expenditures		Total
		Prior Years	Current Year	
Capital Projects:				
Water system	$ 53,250	$ 170,336	$ -	$ 170,336
Sewer system	53,250	122,459	-	122,459
Streets	53,250	35,330	-	35,330
Public safety	53,250	-	-	-
Totals	$ 213,000	$ 328,125	$ -	$ 328,125

Note: Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for the year ended December 31, 2021 was $0.