ANNUAL FINANCIAL REPORT

CITY OF OMEGA, GEORGIA

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2020

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Omega, Georgia
December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
Omega, Georgia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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Other Matters- Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 Matters-Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Omega's basic financial statements. The schedule of projects constructed with special purpose local option sales tax proceeds on page 29 and the community development block grant schedules on pages 30 and 31 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of projects constructed with special purpose local option sales tax proceeds and the community development block grant schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of projects constructed with special purpose local option sales tax proceeds and the community development block grant schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 6, 2021, on our consideration of the City of Omega, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Omega, Georgia's internal control over financial reporting and compliance.

Herring CPA Group, P.C.
Tifton, Georgia
August 6, 2021

STATEMENT OF NET POSITION

Government-Wide
Omega, Georgia

December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash on Hand and in Banks	$ 3,133,411	$ 921,522	$ 4,054,933
Receivables - Net	176,856	48,828	225,684
Internal Balances	(2,500)	2,500	0
Inventory at Cost	0	11,521	11,521
Prepaid Items	8,127	5,739	13,866
Total Current Assets	3,315,894	990,110	4,306,004
Non-Current Assets:			
Capital Assets - Nondepreciable	246,657	590,175	836,832
Capital Assets - Depreciable - Net	3,033,536	1,828,205	4,861,741
Total Non-Current Assets	3,280,193	2,418,380	5,698,573
Total Assets	6,596,087	3,408,490	10,004,577
LIABILITIES			
Current Liabilities:			
Accounts Payable	29,535	7,702	37,237
Accrued Expenses	0	101	101

The accompanying notes are an integral part of these statements.

STATEMENT OF NET POSITION

Government-Wide
Omega, Georgia

December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Notes Payable	0	39,568	39,568
Customer Deposits	0	50,325	50,325
Total Current Liabilities	29,535	97,696	127,231
Long-Term Liabilities:			
Accrued Compensated Absences	19,363	7,745	27,108
Total Liabilities	48,898	105,441	154,339
NET POSITION			
Net Investment in Capital Assets	3,280,193	2,378,812	5,659,005
Restricted for:			
Technology Enhancements	48,522	0	48,522
Capital Projects	1,070,248	0	1,070,248
Unrestricted	2,148,226	924,237	3,072,463
TOTAL NET POSITION	$ 6,547,189	$ 3,303,049	$ 9,850,238

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

Government-Wide
Omega, Georgia

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General Government	$ 192,078	$ 23,972	$ 0
Public Safety	553,632	458,185	64,388
Public Works	238,360	0	0
Culture and Recreation	992	1,205	0
Total Governmental Activities	985,062	483,362	64,388
Business-Type Activities:			
Water and Sewer	276,575	303,131	0
Sanitation	156,504	146,269	0
Total Business-Type Activities	433,079	449,400	0
Total Primary Government	$ 1,418,141	$ 932,762	$64,388
General Revenues:			
Sales Taxes			
Title Advolorem Tax			
Alcoholic Beverage Taxes			
Business Taxes			
Franchise Fees			
Investment Earnings			
Miscellaneous Revenue			
Transfers - Internal Activities			
Total General Revenues and Transfers			
Change in Net Position			
Net Position - January 1, 2020			
NET POSITION - DECEMBER 31, 2020			

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

Year Ended
December 31, 2020

Program Revenues		Net (Expenses) Revenues and Changes in Net Position Primary Government		
Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
$ 0	$ 23,972	$ (168,106)	$ 0	$ (168,106)
0	522,573	(31,059)	0	(31,059)
640,758	640,758	402,398	0	402,398
0	1,205	213	0	213
640,758	1,188,508	203,446	0	203,446
0	303,131	0	26,556	26,556
0	146,269	0	(10,235)	(10,235)
0	449,400	0	16,321	16,321
$640,758	$1,637,908	203,446	16,321	219,767
		320,114	0	320,114
		25,945	0	25,945
		50,279	0	50,279
		97,819	0	97,819
		47,872	0	47,872
		23,884	8,855	32,739
		12,227	0	12,227
		(44,927)	44,927	0
		533,213	53,782	586,995
		736,659	70,103	806,762
		5,810,530	3,232,946	9,043,476
		$6,547,189	$ 3,303,049	$ 9,850,238

The accompanying notes are an integral part of these statements.

COMBINING BALANCE SHEET

Governmental Funds
Omega, Georgia

December 31, 2020

	General Fund	Special Purpose Local Option Sales Tax Fund	Transporation SPLOST Fund	CDBG Fund	Parks and Recreation Fund	Total
ASSETS						
Cash	$2,104,088	$ 962,215	$ 52,806	$ 500	$ 13,802	$3,133,411
Receivables - Net	120,356	51,827	4,673	0	0	176,856
Prepaid Items	8,127	0	0	0	0	8,127
TOTAL ASSETS	$2,232,571	$1,014,042	$ 57,479	$ 500	$ 13,802	$3,318,394
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	$ 27,762	$ 1,773	$ 0	$ 0	$ 0	$ 29,535
Due to Other Funds	2,500	0	0	0	0	2,500
Total Liabilities	30,262	1,773	0	0	0	32,035
Fund Balance:						
Nonspendable:						
Prepaid Items	8,127	0	0	0	0	8,127
Restricted:						
Technology Enhancements	48,522	0	0	0	0	48,522
Capital Projects	0	1,012,269	57,479	500	0	1,070,248
Committed:						
Recreation	0	0	0	0	13,802	13,802
Unassigned	2,145,660	0	0	0	0	2,145,660
Total Fund Balance	2,202,309	1,012,269	57,479	500	13,802	3,286,359
TOTAL LIABILITIES AND FUND BALANCE	$2,232,571	$1,014,042	$ 57,479	$ 500	$ 13,802	$3,318,394

The accompanying notes are an integral part of these statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET

TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

City of Omega
Omega, Georgia — December 31, 2020

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$3,286,359
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.	3,280,193
Long-term liabilities are not due and payable in the current period; therefore, they are not reported in the Governmental Funds Balance Sheet, but are recorded in the Government-Wide Statement of Net Position.	
Compensated Absenses	(19,363)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$6,547,189

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

Governmental Funds
Omega, Georgia

Year Ended
December 31, 2020

	General Fund	Special Purpose Local Option Sales Tax Fund	Transportation SPLOST Fund	CDBG Fund	Parks and Recreation Fund	Total
Revenues:						
Taxes	$ 494,157	$ 0	$ 0	$ 0	$ 0	$ 494,157
Licenses and Permits	17,772	0	0	0	0	17,772
Franchise Fees	47,872	0	0	0	0	47,872
Charges for Services	26,424	0	0	0	1,205	27,629
Fines and Forfeitures	437,961	0	0	0	0	437,961
Intergovernmental	64,388	309,757	21,563	309,438	0	705,146
Interest	23,351	511	22	0	0	23,884
Miscellaneous	12,227	0	0	0	0	12,227
Total Revenues	1,124,152	310,268	21,585	309,438	1,205	1,766,648
Expenditures:						
Current:						
General Government	177,320	0	0	0	0	177,320
Public Safety	498,808	0	0	0	0	498,808
Public Works	99,480	61,403	0	13,750	0	174,633
Culture and Recreation	0	0	0	0	992	992
Capital Outlay:						
Public Works	0	14,862	0	295,688	0	310,550
Total Expenditures	775,608	76,265	0	309,438	992	1,162,303

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

Governmental Funds
Omega, Georgia

Year Ended
December 31, 2020

	General Fund	Special Purpose Local Option Sales Tax Fund	Transportation SPLOST Fund	CDBG Fund	Parks and Recreation Fund	Total
Excess of Revenues Over (Under) Expenditures	348,544	234,003	21,585	0	213	604,345
Other Financing Sources (Uses):						
Transfer In (Out)	(500)	(44,927)	0	500	0	(44,927)
Net Change in Fund Balance	348,044	189,076	21,585	500	213	559,418
Fund Balance - January 1, 2020	1,854,265	823,193	35,894	0	13,589	2,726,941
FUND BALANCE - DECEMBER 31, 2020	$2,202,309	$ 1,012,269	$ 57,479	$ 500	$ 13,802	$3,286,359

The accompanying notes are an integral part of these statements.

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

City of Omega
Omega, Georgia

Year Ended
December 31, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 559,418
Amounts reported for Governmental Activities in the Statement of Activities and Changes in Net Position are different because:	
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.	310,550
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, this amount of depreciation expense is not reported as an expenditure in Governmental Funds.	(131,284)
Accrued compensated absences is reported in the Government-Wide Statement of Activities and Changes in Net Position, but does not require the use of current financial resources. Therefore, accrued compensated absences is not reported as an expenditure in Governmental Funds. This year compensated absences earned exceeded compensated absences paid by this amount.	(2,025)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 736,659

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF NET POSITION

Proprietary Funds
Omega, Georgia

December 31, 2020

	Water and Sewer	Sanitation	Total
ASSETS			
Current Assets:			
Cash	$ 816,511	$105,011	$ 921,522
Receivables - Net	33,416	15,412	48,828
Prepaid Items	4,557	1,182	5,739
Inventory	11,521	0	11,521
Due from Other Funds	0	2,500	2,500
Total Current Assets	866,005	124,105	990,110
Noncurrent Assets:			
Capital Assets - Net	2,227,005	191,375	2,418,380
Total Assets	3,093,010	315,480	3,408,490
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,183	3,519	7,702
Accrued Expenses	101	0	101
Customer Deposits	50,325	0	50,325
Note Payable	39,568	0	39,568
Total Current Liabilities	94,177	3,519	97,696
Long-Term Liabilities:			
Accrued Compensated Absences	3,979	3,766	7,745
Total Liabilities	98,156	7,285	105,441
NET POSITION			
Net Investment in Capital Assets	2,187,437	191,375	2,378,812
Unrestricted	807,417	116,820	924,237
TOTAL NET POSITION	$2,994,854	$308,195	$3,303,049

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF REVENUES, EXPENSES,

AND CHANGES IN NET POSITION

Proprietary Funds
Omega, Georgia

Year Ended
December 31, 2020

	Water and Sewer	Sanitation	Total
Operating Revenues:			
Sales	$ 283,728	$ 146,269	$ 429,997
Late Charges and Fees	15,435	0	15,435
Other	3,968	0	3,968
Total Operating Revenues	303,131	146,269	449,400
Operating Expenses:			
Personnel Services	72,062	71,690	143,752
Utilities	27,635	0	27,635
Depreciation	103,072	28,765	131,837
Landfill Use	0	37,056	37,056
Insurance	11,352	5,676	17,028
Supplies	25,314	8,224	33,538
Repairs and Maintenance	27,094	1,988	29,082
Professional Fees	7,100	3,105	10,205
Other	554	0	554
Total Operating Expenses	274,183	156,504	430,687
Operating Income (Loss)	28,948	(10,235)	18,713
Non-Operating Revenues (Expenses):			
Interest Income	8,803	52	8,855
Interest Expense	(2,392)	0	(2,392)
Net Non-Operating Revenues (Expenses)	6,411	52	6,463
Income (Loss) Before Transfers	35,359	(10,183)	25,176
Transfers In	0	44,927	44,927
Change in Net Position	35,359	34,744	70,103
Net Position - January 1, 2020	2,959,495	273,451	3,232,946
NET POSITION - DECEMBER 31, 2020	$2,994,854	$ 308,195	$3,303,049

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF CASH FLOWS

Proprietary Funds
Omega, Georgia

Year Ended
December 31, 2020

	Water and Sewer	Sanitation	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 296,517	$ 145,462	$ 441,979
Cash Payments for Personnel Services	(73,784)	(71,906)	(145,690)
Cash Payments to Other Suppliers of Goods and Services	(98,342)	(56,300)	(154,642)
Net Cash Provided by Operating Activities	124,391	17,256	141,647
Cash Flows from Non-Capital Financing Activities:			
Advances to/from Other Funds	(9,090)	9,090	0
Cash Flows from Capital and Related Financing Activities:			
Transfer In	0	44,927	44,927
Purchase of Capital Assets	0	(44,927)	(44,927)
Principal Paid on Debt	(39,550)	0	(39,550)
Interest Paid on Debt	(2,450)	0	(2,450)
Net Cash Used by Capital and Related Financing Activities	(42,000)	0	(42,000)
Cash Flows from Investing Activities:			
Interest Received	8,764	52	8,816
Net Increase (Decrease) in Cash and Restricted Cash	82,065	26,398	108,463
Cash and Restricted Cash - January 1, 2020	734,446	78,613	813,059
CASH - DECEMBER 31, 2020	$ 816,511	$ 105,011	$ 921,522
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	$ 28,948	$ (10,235)	$ 18,713
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	103,072	28,765	131,837
Changes in Assets and Liabilities:			
Receivables, Net	(7,473)	(807)	(8,280)
Prepaid Expense	323	8	331
Inventory	(528)	0	(528)
Accounts Payable	912	(259)	653
Accrued Expenses	(1,723)	(216)	(1,939)
Customer Deposits	860	0	860
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 124,391	$ 17,256	$ 141,647

The accompanying notes are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Omega was incorporated by an act of the Georgia Legislature on July 30, 1912. The City is governed by a mayor-council form of government. The following services are provided to the citizens of Omega by the City and Tift County: public safety (fire and police), highways and streets, sanitation, water and sewer, health and social services, culture and recreation, education, public improvements, and general administrative services.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The proprietary fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB, in which case, GASB prevails. Listed below is a summary of the more significant policies:

A. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board.

There are no organizations that are potential component units of the City of Omega, Georgia.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements, which are the statement of net position and the statement of activities and changes in net position, report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity 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 and changes in net position demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The City's government-wide financial statements include a statement of net position and a statement of activities and changes in net position. These statements present summaries of governmental and business-type activities for the City.

These statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets, as well as infrastructure assets purchased since July 1, 2003, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues are reported in three categories: (1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, (2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and (3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, transactions between governmental and business-type activities have not been eliminated. 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.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and non-major funds aggregated. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are sales taxes, franchise fees, interest revenue, and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Fines are not susceptible to accrual because generally they are not measurable until received in cash. A 60 day availability period is also used for revenue recognition for all other governmental fund revenues.

The City reports all of its governmental fund types as major funds.

The general fund is the principal fund of the City and is used to account for all activities of the City not otherwise accounted for by a specified fund.

Special Revenue Funds: These funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The City's special revenue fund is the parks and recreation fund. This fund uses service charges to provide recreational and festival activities.

Capital Projects Funds: These funds are used to account for financial resources for the acquisition or construction of major capital facilities and improvements other than those financed by proprietary funds. The City has three capital projects funds. The special purpose local option sales tax fund accounts for projects supported by the special purpose local option sales tax and other capital grants for the construction of roads, sidewalks, drainage systems, sewer system improvements, and other capital items. The transportation SPLOST fund is used to account for projects funded with transportation special purpose local option sales tax proceeds. The CDBG fund accounts for community development block grant funds used for capital projects.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net position, statement of revenues, expenses, and changes in net assets, and a statement of cash flows. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Enterprise Funds: Enterprise fund operations are financed and accounted for in a manner similar to a private business - where the intent of the governing body is that the expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The following funds are accounted for as enterprise funds and are considered major funds.

Water and Sewer Fund - to account for the City's water services and its collection and treatment of waste water.

Sanitation Fund - to account for the City's collection and disposal of solid waste.

D. BUDGETS AND BUDGETARY ACCOUNTING

The City's established budgetary process is as follows:

a. Each year the city clerk prepares and compiles a tentative worksheet with estimated expenditures for the next calendar year of all funds of the City based on the prior year's expenditures.

b. After review and revisions in December by the mayor and council the proposed budgets are compiled.

c. The budgets are usually formally adopted in December and notice of the budget's availability for inspection is published.

d. During the year, as the need arises, the mayor and council make any necessary budget amendments.

e. Formal budgetary integration is the management tool used as a control device during the year for the general and proprietary funds.

The budget for the capital projects fund is adopted on a project basis with the term of the project being longer than the City's fiscal year.

The City's budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end. The City's legal level of budgetary control is at the departmental level.

E. INVENTORIES

The inventory of the water and sewer fund is recorded at cost using the first in-first out method. The inventories on hand represent replacement parts and pipe for the distribution system.

F. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items.

G. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's policy has set the capitalization threshold for reporting capital assets as follows: equipment - $5,000; buildings, land, and distribution systems - $25,000; roads, bridges, and drainage systems - $200,000; and sidewalks - $50,000. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Distribution Systems	25-50 years
Buildings and Improvements	20-50 years
Machinery and Equipment	5-15 years
Infrastructure Assets	30-50 years

H. ACCOUNTS RECEIVABLE - UNBILLED REVENUE

Unbilled service revenues of the water and sewer and sanitation funds are accrued at the end of the year by prorating actual subsequent billings.

I. COMPENSATED ABSENCES

It is the policy of the City to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

J. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund type 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.

K. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

L. CASH AND CASH EQUIVALENTS

The City has defined cash and cash equivalents, for the purpose of its cash flow statement, to include cash on hand, demand deposits, and short term certificates of deposit with a maturity of three months or less.

M. CAPITALIZED INTEREST

The City capitalizes net interest cost and interest earned as part of the cost of constructing various projects when material.

N. PROPERTY TAX

The City of Omega does not levy property taxes.

O. FUND EQUITY

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

Fund Balance

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

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Committed - Fund balances are reported as committed when they are subject to limitations the government imposes upon itself. This is accomplished by formal action of city council, the highest level of decision making authority, through passage of an ordinance committing fund balance for a specific purpose. This same process is required to remove a commitment of fund balance.

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - Fund balances are reported as unassigned as the residual amounts which cannot be properly classified in one of the other four categories.

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

- Committed
- Assigned
- Unassigned

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisitions, construction or improvement of those assets, plus any outstanding balances of borrowings not yet expended, but restricted for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted.

P. ESTIMATES

The preparation of the financial statements in conformity with generally accounting principles 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. CASH AND INVESTMENTS

It is the investment policy of the City of Omega to invest its cash reserves in checking accounts and interest bearing certificates of deposit. These accounts are reported at cost which equals market value.

The breakdown between deposits and investments for the City is as follows:

Primary Government:	
Cash on Hand	$ 150
Bank Deposits (checking accounts, saving accounts, certificates of deposits)	4,054,783
Total Primary Government	$4,054,933

Credit Risk:
The City limits the credit risk of the primary government by investing its cash with bank deposits which are covered by federal depository insurance or collateralized with collateral pledged by the financial institution.

Interest Rate Risk:
The investments of the primary government are invested in highly liquid investments to limit the risk of interest rate fluctuations. All bank certificates of deposit have varying maturity dates of one year or less.

3. RECEIVABLES

Gross receivables of the primary government at December 31, 2020, consist of the following:

	General Fund	Capital Projects Funds	Special Revenue Fund
Taxes	$ 52,931	$ 0	$ 0
Accounts	67,425	0	0
Interest	0	0	0
Due from Other Governments	0	56,500	0
Gross Receivables	120,356	56,500	0
Less Allowances for Uncollectables	0	0	0
Net Receivables	$120,356	$ 56,500	$ 0

	Water and Sewer Fund	Sanitation Fund	Total
Taxes	$ 0	$ 0	$ 52,931
Accounts	64,972	20,245	152,642
Interest	2,295	0	2,295
Due from Other Governments	0	0	56,500
Gross Receivables	67,267	20,245	264,368
Less Allowances for Uncollectables	(33,851)	(4,833)	(38,684)
Net Receivables	$ 33,416	$ 15,412	$225,684

4. CAPITAL ASSETS

The following schedule represents the changes in the capital assets of the City for the year ending December 31, 2020.

	Balance January 1, 2020	Additions	Transfers/ Deletions	Balance December 31, 2020
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$227,301	$ 0	$ 0	$ 227,301
Construction in Process	91,516	310,550	(382,710)	19,356
Total Capital Assets not being Depreciated	$318,817	$310,550	$ (382,710)	$ 246,657

	Balance January 1, 2020	Additions	Transfers/ Deletions	Balance December 31, 2020
Capital Assets being Depreciated:				
Infrastructure	$ 2,147,773	$ 382,710	$ 0	$2,530,483
Buildings and Improvements	1,308,400	0	0	1,308,400
Machinery and Equipment	666,993	0	0	666,993
Total Capital Assets being Depreciated	4,123,166	382,710	0	4,505,876
Less Accumulated Depreciation:				
Infrastructure	(386,421)	(46,782)	0	(433,203)
Buildings and Improvements	(487,957)	(30,357)	0	(518,314)
Machinery and Equipment	(466,678)	(54,145)	0	(520,823)
Total Accumulated Depreciation	(1,341,056)	(131,284)	0	(1,472,340)
Net Capital Assets being Depreciated	2,782,110	251,426	0	3,033,536
Total Capital Assets, Net	$ 3,100,927	$ 561,976	$ (382,710)	$3,280,193

Depreciation expense of the general fund was charged to governmental functions as follows:

General Government	$ 14,615
Public Safety	53,191
Public Works	63,478
Total	$ 131,284s

	Balance January 1, 2020	Additions	Transfers/ Deletions	Balance December 31, 2020
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	$ 590,175	$ 0	$ 0	$ 590,175
Construction in Process	3,942	44,927	(48,869)	0
Total Capital Assets not being Depreciated	594,117	44,927	(48,869)	590,175
Capital Assets being Depreciated:				
Buildings	0	48,869	0	48,869
Distribution System	4,099,726	0	0	4,099,726
Machinery and Equipment	520,136	0	0	520,136
Total Capital Assets being Depreciated	4,619,862	48,869	0	4,668,731
Less Accumulated Depreciation:				
Buildings	0	(489)	0	(489)
Distribution System	(2,376,930)	(100,161)	0	(2,477,091)
Machinery and Equipment	(331,759)	(31,187)	0	(362,946)
Total Accumulated Depreciation	(2,708,689)	(131,837)	0	(2,840,526)
Net Capital Assets being Depreciated	1,911,173	(82,968)	0	1,828,205
Total Capital Assets, Net	$2,505,290	$ (38,041)	$ (48,869)	$2,418,380

5. LONG-TERM DEBT

A. CHANGES IN LONG-TERM DEBT

The following is a summary of the changes in long-term debt of the City for the year ended December 31, 2020:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due in One Year
Governmental Activities:					
Compensated Absences	$ 17,338	$19,363	$ 17,338	$ 19,363	$ 0
Business-Type Activities:					
Notes Payable	$ 79,118	$ 0	$ 39,550	$ 39,568	$39,568
Compensated Absences	8,420	7,745	8,420	7,745	0
Total Business-Type Activities	$ 87,538	$ 7,745	$ 47,970	$ 47,313	$39,568

For governmental activities, compensated absences are liquidated by the general fund.

B. NOTES PAYABLE

The following is a listing of the notes payable of the City of Omega, Georgia, at December 31, 2020.

Business-Type Activities:
South Georgia Banking Company dated May 2, 2018, for $141,837. The loan proceeds were used for the retirement of the City's water and sewer revenue bonds. The loan is to be repaid in 35 monthly installments of $3,500 including interest at 4.0% beginning May 15, 2018. Collateral-South Georgia Banking Company certificate of deposit. Balance-$79,118.

The following schedule represents the annual requirements to amortize this note:

Year Ending December 31	Principal	Interest	Total
2021	$ 39,568	$827	$40,395

6. INTERNAL BALANCES

During the year various transactions occurred between the different funds of the City, which give rise to interfund receivable and payable balances. These transactions include charges for services, the purchase of goods and services, and short-term cash advances. During the course of the year, these balances will be repaid. At December 31, 2020, the general fund owed the sanitation fund $2,500.

7. INTERNAL TRANSFERS

During the year the special purpose local option sales tax fund transferred $44,927 to the sanitation fund for the construction of a building. The general fund transferred $500 to the CDBG fund for community development block grant expenditures.

8. RETIREMENT PLAN

The City offers its employees a deferred compensation program titled the City of Omega Deferred Compensation Plan. The program, established by the city council, is a defined contribution plan and is administered for the City by Nationwide Retirement Solutions. City contributions are at the discretion of the city council. The City contributes up to 3% of a participant's compensation with a maximum of $1,500 per participant. Participants, at their discretion, may contribute a portion of their compensation. Total contributions to the plan for the year were $29,456, consisting of $6,799 in employer contributions and $22,657 in employee contributions.

9. CONTINGENCIES

The City of Omega is subject to various claims and legal disputes which arise in the normal course of its operation. In the opinion of management and legal counsel, the outcome of any of these items would not have a material effect on the City's financial condition.

The COVID-19 pandemic developed rapidly in 2020 and measures to contain the virus have had significant impacts on economic activity across the country. The City of Omega has taken and continues to take measures to monitor and mitigate the effects of the virus. These measures include but are not limited to the

acquisition of personal protection equipment, the implementation of social distancing, and temporarily limiting access to City facilities. The City will continue to follow CDC guidance to safeguard the wellbeing of its citizens and employees. The City has experienced limited financial impact from COVID-19 and does not expect this to change going forward.

The City also received $64,388 through the Coronavirus Aid, Relief, and Economic Security Act (Cares Act) to help offset any financial effects of COVID-19 on the City.

10. RISK MANAGEMENT

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

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

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

The City continues to carry commercial insurance for all other risks of loss, including liability, employee health, and accident insurance. Settled claims have never exceeded the commercial insurance coverage.

11. JOINT VENTURES

The City of Omega, in conjunction with cities and counties in the ten county South Georgia area, participates in the Southern Georgia Regional Commission (SGRC). Membership in an SGRC is required by Code of Georgia Section 50-8-34 that provides for the organizational structure of the SGRC. The SGRC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission.

Information concerning the financial statements may be obtained from the Southern Georgia Regional Commission Center, P.O. Box 1223, Valdosta, Georgia 31603.

12. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through August 6, 2021, the date when the financial statements were available to be issued.

SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

General Fund
Omega, Georgia

Year Ended
December 31, 2020

	Budget			
	Original	Final	Actual	Variance
Revenues:				
Local Option Sales Tax	$ 275,000	$ 275,000	$ 320,114	$ 45,114
Title Advolorem Tax	5,000	5,000	25,945	20,945
Fees, Fines, and Forfeitures	500,000	500,000	437,961	(62,039)
Franchise Fees	63,000	63,000	47,872	(15,128)
Beer and Wine Tax	46,500	46,500	50,278	3,778
Insurance Premium Tax	90,000	90,000	97,819	7,819
Licenses and Permits	16,500	16,500	17,772	1,272
Intergovernmental	22,000	22,000	64,388	42,388
Charges for Services	55,000	55,000	20,224	(34,776)
Interest Income	6,500	6,500	23,351	16,851
Sale of Cemetery Lots	4,000	4,000	7,445	3,445
Rent	12,000	12,000	6,200	(5,800)
Miscellaneous	500	500	4,783	4,283
Total Revenues	1,096,000	1,096,000	1,124,152	28,152
Expenditures:				
General Government	251,500	251,500	177,320	74,180
Police	716,000	716,000	492,809	223,191
Fire	7,000	7,000	5,999	1,001
Streets	121,000	121,000	99,480	21,520
Total Expenditures	1,095,500	1,095,500	775,608	319,892
Excess of Revenues Over (Under) Expenditures	500	500	348,544	348,044
Other Financing Sources (Uses):				
Transfer Out	(500)	(500)	(500)	0
Net Change in Fund Balance	0	0	348,044	348,044
Fund Balance - January 1, 2020	1,854,265	1,854,265	1,854,265	0
FUND BALANCE - DECEMBER 31, 2020	$ 1,854,265	$1,854,265	$2,202,309	$ 348,044

1. BUDGETARY BASIS

The City of Omega adopts its budget on the modified accrual basis of accounting and is in compliance with generally accepted accounting principles.

SCHEDULE OF PROJECTS CONSTRUCTED WITH

SPECIAL SALES TAX PROCEEDS

City of Omega
Omega, Georgia

Year Ended
December 31, 2020

Project	Original Estimated Cost	Expenditures			Estimated Percentage Completion
		Prior Years	Current Year	Total	
SPLOST V					
Sidewalk, Street, and Drainage Improvements	$ 300,000	$ 326,709	$ 76,265	$ 402,974	100%
Water and Sewer System Improvements	450,000	59,514	0	59,514	13%
Building and Facility Improvements	350,000	87,707	44,927	132,634	38%
Vehicle Purchases	700,000	540,713	0	540,713	77%
TOTAL	$ 1,800,000	$1,014,643	$ 121,192	$1,135,835	
SPLOST VI					
Water and Sewer System Improvements		$ 0	$ 0	$ 0	
Vehicle Purchases		0	0	0	
Building Improvements		0	0	0	
Road, Street, Drainage and Parking Improvements		0	0	0	
TOTAL	$ 1,800,000	$ 0	$ 0	$ 0	0%

Note: Current year expenditures are reported in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances as expenditures of $76,265 and transfers out of $44,927.

COMMUNITY DEVELOPMENT BLOCK GRANT

SOURCE AND APPLICATION OF FUNDS SCHEDULE

Grant # 17P-X-137-2-5949

City of Omega
Omega, Georgia

	December 31, 2020
Total Program Funds Allocated to Recipient	$370,713
Less: Total Current Year Funds Drawn Down by Recipient	(339,049)
Less: Total Prior Year Funds Drawn Down by Recipient	(31,664)
Funds Still Available	$ 0
Total Program Funds Held at Year Beginning January 1, 2020	$ (29,611)
Total Program Funds Drawn Down and Received by Recipient	339,049
Less: Funds Applied and Expended to Program Year 2020 Costs	(309,438)
Total Program Funds Held at Year Ending December 31, 2020	$ 0

COMMUNITY DEVELOPMENT BLOCK GRANT

BUDGET TO ACTUAL FUNDS SCHEDULE

Grant # 17P-X-137-2-5949

City of Omega
Omega, Georgia

December 31, 2020

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Period Expenditures	Prior Period Expenditures	Grant Total Expenditures to Date	Questioned Costs
Acquisition of Property	P-001-01	$ 24,666	$ 4,252	$ 20,414	$ 24,666	$ 0
Contingencies	C-022-00	0	0	0	0	0
Street Improvements	P-03K-01	99,404	99,404	0	99,404	0
Flood and Drainage Facilities	P-03K-02	221,643	192,032	29,611	221,643	0
Administration	A-21A-00	25,000	13,750	11,250	25,000	0
Total		$ 370,713	$ 309,438	$ 61,275	$ 370,713	$ 0

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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

The Honorable Mayor and City Council
Omega, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Omega, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Omega, Georgia's basic financial statements and have issued our report thereon dated August 6, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Omega, Georgia's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Omega, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Omega, 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 item 20-1 to be a material weakness.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Omega, Georgia's financial statements are free of 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.

City of Omega, Georgia's Response to Findings

The City of Omega, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Omega, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinions on them.

Purpose of 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.

Herring CPA Group, P.C.
Tifton, Georgia
August 6, 2021

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the City of Omega, Georgia.

2. Two significant deficiencies are reported in the "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".

3. No instances of noncompliance, material to the basic financial statements of the City of Omega, Georgia, were disclosed during the audit.

4. The City of Omega, Georgia, was not required to undergo a single audit for the fiscal year ending December 31, 2020.

FINDINGS-FINANCIAL STATEMENTS AUDIT

20-1 Segregation of Duties (Repeat)

The City of Omega, Georgia, does not employ sufficient personnel to provide for the adequate segregation of duties.
Criteria-Weakness in internal control.
Effect-Improper segregation of duties can allow for the misappropriation of funds.
Recommendation-Additional personnel should be hired and any conflicting duties segregated.
Management's Response-The City concurs with finding. However, the City believes that it is not economically feasible to hire the additional personnel needed to accomplish a complete segregation of duties. The mayor and council members review monthly financial information. Either the mayor or a council member reviews invoices for payment and signs all checks. Cash receipt procedures have been implemented to help segregate conflicts to the extent possible.

20-2 Financial Statement Preparation (Repeat)

The management of the City of Omega, Georgia, does not have the skills needed to prepare its financial statements in accordance with generally accepted accounting principles.
Criteria-Weakness in internal control.
Effect-Governing board is provided generally accepted accounting principles basis financial statements on an annual basis only.
Management's Response-Hiring additional personnel with adequate professional training is not economically feasible. The city clerk prepares a monthly financial report for the governing board.