ANNUAL FINANCIAL REPORT

CITY OF OMEGA, GEORGIA

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2021

TABLE OF CONTENTS

City of Omega
Omega, Georgia — December 31, 2021

Description	Page Number
Independent Auditor's Report	1
Basic Financial Statements:	
Statement of Net Position - Government-Wide	4
Statement of Activities and Changes in Net Position - Government-Wide	6
Combining Balance Sheet - Governmental Funds	8
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	9
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	10
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	12
Combining Statement of Net Position - Proprietary Funds	13
Combining Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	14
Combining Statement of Cash Flows - Proprietary Funds	15
Notes to Financial Statements	16
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	28
Notes to Required Supplementary Information	29
Supplementary Information:	
Schedule of Projects Constructed with Special Sales Tax Proceeds	30
Community Development Block Grant Source and Application of Funds Schedule	31
Community Development Block Grant Budget to Actual Funds Schedule	32
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	33
Schedule of Findings and Responses	35

HERRING
CPA GROUP, P.C.
Certified Public Accountants & Consultants

GERALD N. HERRING, JR., C.P.A.
CHARLES W. POWELL, III, C.P.A.
DAVID L. DEARISO, C.P.A.
TONY QUINNEY, C.P.A.
JAMES H. HERRING, C.P.A.

JULIE A. POWELL, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
THE GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
TIFTON, GEORGIA
SYLVESTER, GEORGIA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
Omega, Georgia

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Omega, 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 Unites States of America.

Basis for Opinion

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 Governmental 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 of our report. We are required to be independent of the City of Omega, 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 opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Omega, 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.

212 W. 2ND STREET P.O. BOX 7328 TIFTON, GEORGIA 31793-7328 PHONE (229) 382-2355 FAX (229) 382-4793 www.herringcpagroup.com

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 opinion. 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 the 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 financial statements.

In performing an audit in accordance with generally accepted accounting 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 City of Omega, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Omega, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 28 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Omega, Georgia's basic financial statements. The schedule of projects constructed with special purpose local option sales tax proceeds, the community development block grant budget to actual funds schedule and the community development block grant source and application of funds schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of projects constructed with special purpose local option sales tax proceeds, the community development block grant budget to actual funds schedule and the community development block grant source and application of funds schedule 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 1, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The City of Omega, 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 the City of Omega, Georgia's internal control over financial reporting and compliance.

Herring CPA Group, P. C.
Tifton, Georgia
August 1, 2022

STATEMENT OF NET POSITION

Government-Wide
Omega, Georgia

December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash on Hand and in Banks	$ 3,904,931	$ 1,015,786	$ 4,920,717
Receivables - Net	183,664	46,342	230,006
Internal Balances	(2,500)	2,500	0
Inventory at Cost	0	11,466	11,466
Prepaid Items	8,743	5,883	14,626
Total Current Assets	4,094,838	1,081,977	5,176,815
Non-Current Assets:			
Capital Assets - Nondepreciable	305,704	590,175	895,879
Capital Assets - Depreciable - Net	2,900,396	1,695,957	4,596,353
Total Non-Current Assets	3,206,100	2,286,132	5,492,232
Total Assets	7,300,938	3,368,109	10,669,047
LIABILITIES			
Current Liabilities:			
Accounts Payable	47,454	10,598	58,052
Accrued Expenses	1,464	267	1,731
Unearned Revenue	202,213	0	202,213

The accompanying notes are an integral part of these statements.

STATEMENT OF NET POSITION

Government-Wide
Omega, Georgia

December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Customer Deposits	0	52,141	52,141
Total Current Liabilities	251,131	63,006	314,137
Long-Term Liabilities:			
Accrued Compensated Absences	27,120	4,800	31,920
Total Liabilities	278,251	67,806	346,057
NET POSITION			
Net Investment in Capital Assets	3,206,100	2,286,132	5,492,232
Restricted for:			
Technology Enhancements	48,559	0	48,559
Capital Projects	1,314,507	0	1,314,507
Unrestricted	2,453,521	1,014,171	3,467,692
TOTAL NET POSITION	$ 7,022,687	$3,300,303	$ 10,322,990

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	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General Government	$ 236,849	$ 33,331	$ 27,451
Public Safety	603,054	534,562	0
Public Works	255,042	0	0
Culture and Recreation	14,199	339	0
Total Governmental Activities	1,109,144	568,232	27,451
Business-Type Activities:			
Water and Sewer	309,346	304,888	0
Sanitation	156,901	149,602	0
Total Business-Type Activities	466,247	454,490	0
Total Primary Government	$ 1,575,391	$ 1,022,722	$ 27,451
General Revenues:			
Sales Taxes			
Title Advolorem Tax			
Alcoholic Beverage Taxes			
Business Taxes			
Franchise Fees			
Investment Earnings			
Miscellaneous Revenue			
Total General Revenues and Transfers			
Change in Net Position			
Net Position - January 1, 2021			
NET POSITION - DECEMBER 31, 2021			

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

Year Ended
December 31, 2021

Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Primary Government		
Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
$ 0	$ 60,782	$ (176,067)	$ 0	$ (176,067)
0	534,562	(68,492)	0	(68,492)
396,016	396,016	140,974	0	140,974
0	339	(13,860)	0	(13,860)
396,016	991,699	(117,445)	0	(117,445)
0	304,888	0	(4,458)	(4,458)
0	149,602	0	(7,299)	(7,299)
0	454,490	0	(11,757)	(11,757)
$396,016	$1,446,189	(117,445)	(11,757)	(129,202)
		339,322	0	339,322
		32,111	0	32,111
		46,946	0	46,946
		100,690	0	100,690
		48,807	0	48,807
		24,286	9,011	33,297
		781	0	781
		592,943	9,011	601,954
		475,498	(2,746)	472,752
		6,547,189	3,303,049	9,850,238
		$7,022,687	$ 3,300,303	$10,322,990

The accompanying notes are an integral part of these statements.

COMBINING BALANCE SHEET

Governmental Funds
Omega, Georgia

December 31, 2021

	General Fund	Special Purpose Local Option Sales Tax Fund	Transportation SPLOST Fund	CDBG Fund	Parks and Recreation Fund	ARPA Fund	Total
ASSETS							
Cash	$2,425,550	$1,195,158	$ 81,479	$ 500	$ 0	$202,244	$3,904,931
Receivables - Net	119,249	59,342	5,073	0	0	0	183,664
Prepaid Items	8,743	0	0	0	0	0	8,743
TOTAL ASSETS	$2,553,542	$1,254,500	$ 86,552	$ 500	$ 0	$202,244	$4,097,338
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	$ 20,409	$ 27,045	$ 0	$ 0	$ 0	$ 0	$ 47,454
Accrued Expenses	1,464	0	0	0	0	0	1,464
Due to Other Funds	2,500	0	0	0	0	0	2,500
Unearned Revenue	0	0	0	0	0	202,213	202,213
Total Liabilities	24,373	27,045	0	0	0	202,213	253,631
Fund Balance:							
Nonspendable:							
Prepaid Items	8,743	0	0	0	0	0	8,743
Restricted:							
Technology Enhancements	48,559	0	0	0	0	0	48,559
Capital Projects	0	1,227,455	86,552	500	0	0	1,314,507
Unassigned	2,471,867	0	0	0	0	31	2,471,898
Total Fund Balance	2,529,169	1,227,455	86,552	500	0	31	3,843,707
TOTAL LIABILITIES AND FUND BALANCE	$2,553,542	$1,254,500	$ 86,552	$ 500	$ 0	$202,244	$4,097,338

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, 2021
TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$3,843,707
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.	3,206,100
Long-term liabilities are not due and payable in the current period; therefore, they are not reported in the Government-Wide Statement of Net Position.	
Compensated Absenses	(27,120)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$7,022,687

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, 2021

	General Fund	Special Purpose Local Option Sales Tax Fund	Transportation SPLOST Fund	CDBG Fund	Parks and Recreation Fund	ARPA Fund	Total
Revenues:							
Taxes	$ 519,069	$ 0	$ 0	$ 0	$ 0	$ 0	$ 519,069
Licenses and Permits	17,412	0	0	0	0	0	17,412
Franchise Fees	48,807	0	0	0	0	0	48,807
Charges for Services	15,919	0	0	0	339	0	16,258
Fines and Forfeitures	534,562	0	0	0	0	0	534,562
Intergovernmental	21,466	327,292	29,040	17,636	0	27,451	422,885
Interest	24,197	549	33	0	58	31	24,868
Miscellaneous	781	0	0	0	0	0	781
Total Revenues	1,182,213	327,841	29,073	17,636	397	27,482	1,584,642
Expenditures:							
Current:							
General Government	195,420	0	0	0	0	27,451	222,871
Public Safety	545,602	0	0	0	0	0	545,602
Public Works	114,331	53,608	0	17,636	0	0	185,575
Culture and Recreation	0	0	0	0	14,199	0	14,199
Capital Outlay:							
General Government	0	59,047	0	0	0	0	59,047
Total Expenditures	855,353	112,655	0	17,636	14,199	27,451	1,027,294

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, 2021

	General Fund	Special Purpose Local Option Sales Tax Fund	Transportation SPLOST Fund	CDBG Fund	Parks and Recreation Fund	ARPA Fund	Total
Excess of Revenues Over (Under) Expenditures	326,860	215,186	29,073	0	(13,802)	31	557,348
Other Financing Sources (Uses):							
Transfer In (Out)	0	0	0	0	0	0	0
Net Change in Fund Balance	326,860	215,186	29,073	0	(13,802)	31	557,348
Fund Balance - January 1, 2021	2,202,309	1,012,269	57,479	500	13,802	0	3,286,359
FUND BALANCE - DECEMBER 31, 2021	$2,529,169	$ 1,227,455	$ 86,552	$ 500	$ 0	$ 31	$3,843,707

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, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 557,348
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.	59,047
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.	(133,140)
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.	(7,757)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 475,498

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF NET POSITION

Proprietary Funds
Omega, Georgia
December 31, 2021

	Water and Sewer	Sanitation	Total
ASSETS			
Current Assets:			
Cash	$ 886,026	$129,760	$1,015,786
Receivables - Net	30,942	15,400	46,342
Prepaid Items	4,648	1,235	5,883
Inventory	11,466	0	11,466
Due from Other Funds	0	2,500	2,500
Total Current Assets	933,082	148,895	1,081,977
Noncurrent Assets:			
Capital Assets - Net	2,124,010	162,122	2,286,132
Total Assets	3,057,092	311,017	3,368,109
LIABILITIES			
Current Liabilities:			
Accounts Payable	5,519	5,079	10,598
Accrued Expenses	83	184	267
Customer Deposits	52,141	0	52,141
Total Current Liabilities	57,743	5,263	63,006
Long-Term Liabilities:			
Accrued Compensated Absences	0	4,800	4,800
Total Liabilities	57,743	10,063	67,806
NET POSITION			
Net Investment in Capital Assets	2,124,010	162,122	2,286,132
Unrestricted	875,339	138,832	1,014,171
TOTAL NET POSITION	$2,999,349	$300,954	$3,300,303

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, 2021

	Water and Sewer	Sanitation	Total
Operating Revenues:			
Sales	$ 288,707	$149,602	$ 438,309
Late Charges and Fees	15,426	0	15,426
Other	755	0	755
Total Operating Revenues	304,888	149,602	454,490
Operating Expenses:			
Personnel Services	81,082	66,986	148,068
Utilities	35,794	0	35,794
Depreciation	102,995	29,253	132,248
Landfill Use	0	36,014	36,014
Insurance	10,781	5,750	16,531
Supplies	28,215	12,820	41,035
Repairs and Maintenance	35,530	3,683	39,213
Professional Fees	14,317	2,395	16,712
Other	313	0	313
Total Operating Expenses	309,027	156,901	465,928
Operating Income (Loss)	(4,139)	(7,299)	(11,438)
Non-Operating Revenues (Expenses):			
Interest Income	8,953	58	9,011
Interest Expense	(319)	0	(319)
Net Non-Operating Revenues (Expenses)	8,634	58	8,692
Change in Net Position	4,495	(7,241)	(2,746)
Net Position - January 1, 2021	2,994,854	308,195	3,303,049
NET POSITION - DECEMBER 31, 2021	$2,999,349	$300,954	$3,300,303

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF CASH FLOWS

Proprietary Funds
Omega, Georgia

Year Ended
December 31, 2021

	Water and Sewer	Sanitation	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 309,218	$ 149,614	$ 458,832
Cash Payments for Personnel Services	(84,978)	(65,768)	(150,746)
Cash Payments to Other Suppliers of Goods and Services	(123,650)	(59,155)	(182,805)
Net Cash Provided by Operating Activities	100,590	24,691	125,281
Cash Flows from Non-Capital Financing Activities:			
Advances to/from Other Funds	0	0	0
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Debt	(39,568)	0	(39,568)
Interest Paid on Debt	(420)	0	(420)
Net Cash Used by Capital and Related Financing Activities	(39,988)	0	(39,988)
Cash Flows from Investing Activities:			
Interest Received	8,913	58	8,971
Net Increase (Decrease) in Cash and Restricted Cash	69,515	24,749	94,264
Cash and Restricted Cash - January 1, 2021	816,511	105,011	921,522
CASH - DECEMBER 31, 2021	$ 886,026	$ 129,760	$ 1,015,786
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	$ (4,139)	$ (7,299)	$ (11,438)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	102,995	29,253	132,248
Changes in Assets and Liabilities:			
Receivables, Net	2,514	12	2,526
Prepaid Expense	(91)	(53)	(144)
Inventory	55	0	55
Accounts Payable	1,336	1,560	2,896
Accrued Expenses	(3,896)	1,218	(2,678)
Customer Deposits	1,816	0	1,816
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 100,590	$ 24,691	$ 125,281

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 funds are the parks and recreation fund and ARPA fund. The park and recreation fund uses service charges to provide recreational and festival activities. This fund was dissolved this year. The ARPA fund is used to account for the local fiscal recovery funds provided by the American Rescue Plan Act of 2021.

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, 2021, 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)	4,920,567
Total Primary Government	$4,920,717

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, 2021, consist of the following:

	General Fund	Capital Projects Funds	Special Revenue Funds
Taxes	$ 58,353	$ 0	$ 0
Accounts	50,571	0	0
Interest	10,325	0	0
Due from Other Governments	0	64,415	0
Gross Receivables	119,249	64,415	0
Less Allowances for Uncollectables	0	0	0
Net Receivables	$119,249	$ 64,415	$ 0

	Water and Sewer Fund	Sanitation Fund	Total
Taxes	$ 0	$ 0	$ 58,353
Accounts	66,097	20,267	136,935
Interest	2,335	0	12,660
Due from Other Governments	0	0	64,415
Gross Receivables	68,432	20,267	272,363
Less Allowances for Uncollectables	(37,490)	(4,867)	(42,357)
Net Receivables	$ 30,942	$ 15,400	$230,006

4. CAPITAL ASSETS

The following schedule represents the changes in the capital assets of the City for the year ending December 31, 2021.

	Balance January 1, 2021	Additions	Transfers/ Deletions	Balance December 31, 2021
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$227,301	$ 0	$ 0	$ 227,301
Construction in Process	19,356	59,047	0	78,403
Total Capital Assets not being Depreciated	246,657	59,047	0	305,704

	Balance January 1, 2021	Additions	Transfers/ Deletions	Balance December 31, 2021
Capital Assets being Depreciated:				
Infrastructure	$ 2,530,483	$ 0	$ 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	4,505,876	0	0	4,505,876
Less Accumulated Depreciation:				
Infrastructure	(433,203)	(50,609)	0	(483,812)
Buildings and Improvements	(518,314)	(29,195)	0	(547,509)
Machinery and Equipment	(520,823)	(53,336)	0	(574,159)
Total Accumulated Depreciation	(1,472,340)	(133,140)	0	(1,605,480)
Net Capital Assets being Depreciated	3,033,536	(133,140)	0	2,900,396
Total Capital Assets, Net	$ 3,280,193	$ (74,093)	$ 0	$3,206,100

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

General Government	$ 13,453
Public Safety	52,382
Public Works	67,305
Total	$ 133,140

	Balance January 1, 2021	Additions	Transfers/ Deletions	Balance December 31, 2021
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	$ 590,175	$ 0	$ 0	$ 590,175
Construction in Process	0	0	0	0
Total Capital Assets not being Depreciated	590,175	0	0	590,175
Capital Assets being Depreciated:				
Buildings	48,869	0	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	4,668,731	0	0	4,668,731
Less Accumulated Depreciation:				
Buildings	(489)	(977)	0	(1,466)
Distribution System	(2,477,091)	(100,084)	0	(2,577,175)
Machinery and Equipment	(362,946)	(31,187)	0	(394,133)
Total Accumulated Depreciation	(2,840,526)	(132,248)	0	(2,972,774)
Net Capital Assets being Depreciated	1,828,205	(132,248)	0	1,695,957
Total Capital Assets, Net	$2,418,380	$ (132,248)	$ 0	$2,286,132

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, 2021:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Due in One Year
Governmental Activities:					
Compensated Absences	$ 19,363	$27,120	$ 19,363	$ 27,120	$ 0
Business-Type Activities:					
Notes Payable	$ 39,568	$ 0	$ 39,568	$ 0	$ 0
Compensated Absences	7,745	4,800	7,745	4,800	0
Total Business-Type Activities	$ 47,313	$ 4,800	$ 47,313	$ 4,800	$ 0

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

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, 2021, the general fund owed the sanitation fund $2,500.

7. 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 $31,470, consisting of $6,876 in employer contributions and $24,594 in employee contributions.

8. 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.

9. 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.

10. 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.

11. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through August 1, 2022, 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, 2021

	Budget			
	Original	Final	Actual	Variance
Revenues:				
Local Option Sales Tax	$ 280,000	$ 280,000	$ 339,321	$ 59,321
Title Advolorem Tax	10,000	10,000	32,111	22,111
Fees, Fines, and Forfeitures	500,000	500,000	534,562	34,562
Franchise Fees	53,000	53,000	48,807	(4,193)
Beer and Wine Tax	50,500	50,500	46,946	(3,554)
Insurance Premium Tax	95,000	95,000	100,690	5,690
Licenses and Permits	16,500	16,500	17,412	912
Intergovernmental	25,000	25,000	21,466	(3,534)
Charges for Services	25,000	25,000	0	(25,000)
Interest Income	6,500	6,500	24,197	17,697
Sale of Cemetery Lots	5,000	5,000	7,665	2,665
Rent	12,000	12,000	8,250	(3,750)
Miscellaneous	1,000	1,000	786	(214)
Total Revenues	1,079,500	1,079,500	1,182,213	102,713
Expenditures:				
General Government	258,400	258,400	195,420	62,980
Police	681,000	681,000	541,552	139,448
Fire	6,800	6,800	4,050	2,750
Streets	133,300	133,300	114,331	18,969
Total Expenditures	1,079,500	1,079,500	855,353	224,147
Excess of Revenues Over (Under) Expenditures	0	0	326,860	326,860
Other Financing Sources (Uses):				
Transfer Out	0	0	0	0
Net Change in Fund Balance	0	0	326,860	326,860
Fund Balance - January 1, 2021	2,202,309	2,202,309	2,202,309	0
FUND BALANCE - DECEMBER 31, 2021	$ 2,202,309	$2,202,309	$2,529,169	$ 326,860

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, 2021

Project	Original Estimated Cost	Expenditures			Estimated Percentage Completion
		Prior Years	Current Year	Total	
SPLOST V					
Sidewalk, Street, and Drainage Improvements	$ 300,000	$ 402,974	$ 53,608	$ 456,582	100%
Water and Sewer System Improvements	450,000	59,514	0	59,514	13%
Building and Facility Improvements	350,000	132,634	0	132,634	38%
Vehicle Purchases	700,000	540,713	0	540,713	77%
TOTAL	$ 1,800,000	$1,135,835	$ 53,608	$1,189,443	
SPLOST VI					
Water and Sewer System Improvements		$ 0	$ 0	$ 0	
Vehicle Purchases		0	0	0	
Building Improvements		0	59,047	59,047	
Road, Street, Drainage and Parking Improvements		0	0	0	
TOTAL	$ 1,800,000	$ 0	$ 59,047	$ 59,047	3.3%

Note: Current year expenditures are reported in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances as expenditures of $112,655.

COMMUNITY DEVELOPMENT BLOCK GRANT

SOURCE AND APPLICATION OF FUNDS SCHEDULE

Grant # 20P-X-137-2-6152

City of Omega
Omega, Georgia

	December 31, 2021
Total Program Funds Allocated to Recipient	$ 493,998
Less: Total Current Year Funds Drawn Down by Recipient	(17,636)
Less: Total Prior Year Funds Drawn Down by Recipient	0
Funds Still Available	$ 476,362
Total Program Funds Held at Year Beginning January 1, 2021	$ 0
Total Program Funds Drawn Down and Received by Recipient	17,636
Less: Funds Applied and Expended to Program Year 2021 Costs	(17,636)
Total Program Funds Held at Year Ending December 31, 2021	$ 0

COMMUNITY DEVELOPMENT BLOCK GRANT

BUDGET TO ACTUAL FUNDS SCHEDULE

Grant # 20P-X-137-2-6152

City of Omega
Omega, Georgia

December 31, 2021

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Period Expenditures	Prior Period Expenditures	Grant Total Expenditures to Date	Questioned Costs
Engineering	T-03K-00	$ 45,674	$ 10,636	$ -	$ 10,636	$ 0
Flood and Drainage Improvements	P-03K-02	418,684	0	0	0	0
Administration	A-21A-00	29,640	7,000	0	7,000	0
Total		$ 493,998	$ 17,636	$ 0	$ 17,636	$ 0

HERRING
CPA GROUP, P.C.
Certified Public Accountants & Consultants

GERALD N. HERRING, JR., C.P.A.
CHARLES W. POWELL, III, C.P.A.
DAVID L. DEARISO, C.P.A.
TONY QUINNEY, C.P.A.
JAMES H. HERRING, C.P.A.

JULIE A. POWELL, C.P.A.

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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, 2021, 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 1, 2022.

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 21-1 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 21-2 to be a significant deficiency.

212 W. 2ND STREET P.O. BOX 7328 TIFTON, GEORGIA 31793-7328 PHONE (229) 382-2355 FAX (229) 382-4793 www.herringcpagroup.com

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 1, 2022

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, 2021.

FINDINGS-FINANCIAL STATEMENTS AUDIT

21-1 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.

21-2 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.