TOWN OF PINE MOUNTAIN

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

TOWN OF PINE MOUNTAIN
FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
Town of Pine Mountain
Pine Mountain, Georgia

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

The budgetary comparison information on pages 29 and 30 and the Pension Schedules on pages 31 and 32, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America.

I have applied certain limited procedures to the budgetary and pension information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other information

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

The combining nonmajor fund financial statements and schedule of funding progress are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated September 23, 2020 on my consideration of the Town of Pine Mountain, Georgia's internal control over

financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Town of Pine Mountain's internal; control over financial reporting and compliance.

Kim Kimmel CPA

Richland, Georgia
September 23, 2020

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 2,130,405	$ 544,473	$ 2,674,878
Receivables	141,276	37,107	178,383
Restricted cash	-	160,809	160,809
Nondepreciable Capital Assets	186,569	198,538	385,107
Depreciable Capital Assets, Net	4,266,713	3,361,189	7,627,902
Total Assets	6,724,963	4,302,116	11,027,079
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension plan charges	114,939	21,190	136,129
Total deferred outflow of resources	114,939	21,190	136,129
LIABILITIES			
Accounts Payable	93,434	6,921	100,355
Deposits	-	33,260	33,260
Capital leases due within one year	35,288	-	35,288
Capital leases due in more than one year	56,136	-	56,136
Bonds payable due within one year	-	32,409	32,409
Bonds payable in more than one year	-	843,603	843,603
Net pension obligation due in more than one year	310,651	59,303	369,954
Total Liabilities	495,509	975,496	1,471,005
DEFERRED INFLOWS OF RESOURCES			
Pension plan deferrals	41,146	7,170	48,316
Total deferred inflow of resources	41,146	7,170	48,316
NET POSITION			
Net investment in capital assets	4,361,858	2,683,715	7,045,573
Restricted for:			
Transportation projects	266,439	-	266,439
Capital projects	50,270	-	50,270
Unrestricted	1,624,680	656,925	2,281,605
Total Net Position	$ 6,303,247	$ 3,340,640	$ 9,643,887

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Activities
For the Year Ended June 30, 2020

Program Activites	Expenses	Program Revenues: Fees, Fines, Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues
Governmental Activities:					
General Government	$ 249,546	$ 49,294	$ -	$ -	$ (200,252)
Public Safety	1,046,494	186,561	-	118,357	(741,576)
Public Works	395,848	-	-	533,663	137,815
Housing and development	462,595	-	-	-	(462,595)
Culture and recreation	7,839	-	-	-	(7,839)
Interest on long-term debt	8,908	-	-	-	(8,908)
Total Governmental Activities	2,171,230	235,855	-	652,020	(1,283,355)
Business-Type Activities:					
Water utilities	293,599	217,422	-	-	(76,177)
Sewerage treatment	176,484	183,882	-	-	7,398
Total Business-Type Activities:	470,083	401,304	-	-	(68,779)
Total Government	2,641,313	637,159	-	652,020	(1,352,134)

	Governmental Activities	Business-Type Activities	
General revenues:			
Taxes:			
Advalorem	697,577	-	697,577
Sales tax	227,442	-	227,442
Hotel/motel tax	524,149	-	524,149
Franchise tax	176,365	-	176,365
Insurance premium tax	99,737	-	99,737
Alcoholic beverage tax	58,309	-	58,309
Other taxes	35,723	-	35,723
Miscellaneous	46,204	-	46,204
Investment Revenue	5,552	1,439	6,991
Transfers	-	-	-
	1,871,058	1,439	1,872,497
Changes in net position	587,703	(67,340)	520,363
Net position beginning of year	5,715,544	3,407,980	9,123,524
Net position at end of year	$ 6,303,247	$ 3,340,640	$ 9,643,887

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2020

	General	Hotel/Motel Tax	2014 SPLOST	Total Non Major	Total Governmental Funds
Assets					
Cash and Cash Equivalents	$ 1,793,941	$ 19,755	$ -	$ 316,709	$ 2,130,405
Due from other funds	-	-	-	-	-
Receivables	75,316	65,960	-	-	141,276
Total Assets	1,869,257	85,715	-	316,709	2,271,681
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	34,069	59,365	-	-	93,434
Due to other funds	-	-	-	-	-
Total Liabilities	34,069	59,365	-	-	93,434
Deferred Inflows of Resources	31,761	-	-	-	31,761
Fund Balances					
Restricted for transportation projects	-	-	-	266,439	266,439
Restricted for capital projects	-	-	-	50,270	50,270
Assigned for tourism	-	26,350	-	-	26,350
Unassigned	1,803,427	-	-	-	1,803,427
Total Fund Balances	1,803,427	26,350	-	316,709	2,146,486
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,869,257	$ 85,715	$ -	$ 316,709	$ 2,271,681

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2020

Total Governmental Funds Balances	$ 2,146,486
Amounts reported for governmental activities on the statement of net assets are different because of the following:	
Capital assets of $6,747,142 net of accumulated depreciation of $2,293,860, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,453,282
Long-term liabilities are not due and payable in the current period and, therefor, are not reported in the governmental funds:	
Due in more than one year	(402,075)
Certain resources are recorded in the funds as current but are properly deferred in the statement of net assets	
Deferred outflows for pension plans	114,939
Deferred inflows for pension plans	(41,146)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Property taxes	31,761
Net Position of Governmental Activities	$ 6,303,247

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General	Hotel/Motel Tax	2014 SPLOST	Total Non Major	Total Governmental Funds
Revenues					
Property Taxes	$ 681,707	$ -	$ -	$ -	$ 681,707
Sales Taxes	227,442	-	-	-	227,442
Hotel Motel tax	-	524,149	-	-	524,149
Franchise tax	176,365	-	-	-	176,365
Insurance premium tax	99,737	-	-	-	99,737
Alcoholic beverage tax	58,309	-	-	-	58,309
Other Local Taxes	35,723	-	-	-	35,723
Charges for Services	4,494	-	-	-	4,494
Licenses and Permits	44,800	-	-	-	44,800
Fines and Forfeitures	186,561	-	-	-	186,561
Intergovernmental	-	-	492,295	159,725	652,020
Interest	5,438	114	-	-	5,552
Other	46,205	-	-	-	46,205
Total Revenues	1,566,781	524,263	492,295	159,725	2,743,064
Expenditures					
Current					
General government	243,736	-	-	-	243,736
Public safety	822,466	-	-	81,596	904,062
Public works	331,991	-	-	-	331,991
Housing and development	-	462,595	-	-	462,595
Culture and recreation	2,182	-	-	-	2,182
Capital outlay	-	-	922,566	-	922,566
Debt service:					
Principal	94,619	-	-	-	94,619
Interest	8,908	-	-	-	8,908
Total Expenditures	1,503,902	462,595	922,566	81,596	2,970,659
Excess (deficiency) of Revenues Over (Under) Expenditures	62,879	61,668	(430,271)	78,129	(227,595)
Other Financing Sources (Uses)					
Proceeds long term debt	-	-	-	-	-
Transfers—In	65,000	-	293,331	-	358,331
Transfers—Out	(291,360)	(65,000)	-	(1,971)	(358,331)
Total Other Financing Sources (Uses)	(226,360)	(65,000)	293,331	(1,971)	-
Net Change in Fund Balances	(163,481)	(3,332)	(136,940)	76,158	(227,595)
Fund Balances (Deficit) at Beginning	1,966,908	29,682	136,940	240,551	2,374,081
Fund Balances at End of Year	1,803,427	26,350	-	316,709	2,146,486

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances—Total Governmental Funds	$	(227,595)
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, on the stetement of activities, the cost of those assets is allocated over their estimated useful lives asdepreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year:		
Capital Outlay—Depreciable Capital Assets		920,595
Depreciation		(201,522)
Proceeds of issuance of long-term debt are reported as other financing sources in the fund financial statements but are not reported on the statement of activities in the government-wide financial statements		-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net assets.		94,619
Long term employee benefit obligations are recorded as an addition or reduction in net position, but do not require the use of current economic resources of governmental funds		(14,264)
Elimination of transfers between governmental funds		
Transfers in		356,360
Transfers out		(356,360)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property Taxes deferred		15,870
Change in Net Position of Governmental Activities	$	587,703

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Net Position
Proprietary Funds
June 30, 2020

	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 544,473	$ -	$ 544,473
Receivables net	15,126	21,981	37,107
Resticted cash	84,162	76,647	160,809
Total Current Assets	643,761	98,628	742,389
Noncurrent Assets:			
Nondepreciable assets	198,538	-	198,538
Depreciable assets, net	769,832	2,591,357	3,361,189
Total Non-current Assets	968,370	2,591,357	3,559,727
Total Assets	1,612,131	2,689,985	4,302,116
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on pension plan	21,190	-	21,190
LIABILITIES			
Current Liabilities:			
Accounts Payable	5,391	1,530	6,921
Payable from restricted assets:			
Revenue bonds	12,830	19,579	32,409
Deposits	33,260	-	33,260
Total Current Liabilities	51,481	21,109	72,590
Long-Term Liabilities			
Net pension liability	59,303	-	59,303
Revenue bonds payable	193,720	649,883	843,603
Total Long-term Liabilities	253,023	649,883	902,906
Total Liabilities	304,504	670,992	975,496
DEFERRED INFLOW OF RESOURCES			
Deferred amount on pension plan	7,170	-	7,170
NET POSITION			
Net investment in capital assets	761,820	1,921,895	2,683,715
Unrestricted	559,827	97,098	656,925
Total Net Position	$ 1,321,647	$ 2,018,993	$ 3,340,640

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2020

	Water Fund	Sewer Fund	Total
Operating revenues:			
Charges for services	$ 217,422	$ 183,882	$ 401,304
Total operating revenues	217,422	183,882	401,304
Operating expenses:			
Personal services	161,178	-	161,178
Materials and supplies	36,552	77,274	113,826
Contractual and other services	53,978	14,401	68,379
Depreciation	29,055	54,221	83,276
Total operating expenses	280,763	145,896	426,659
Income (loss) from operations	(63,341)	37,986	(25,355)
Nonoperating revenues (expenses):			
Investment income	941	498	1,439
Interest expense	(12,836)	(30,588)	(43,424)
Total nonoperating revenues (expenses)	(11,895)	(30,090)	(41,985)
Income before transfers	(75,236)	7,896	(67,340)
Capital contributed	-	-	-
Transfers in	37,710	-	37,710
Transfers out	-	(37,710)	(37,710)
Change in net position	(37,526)	(29,814)	(67,340)
Net position beginning	1,359,173	2,048,807	3,407,980
Net position, ending	$ 1,321,647	$ 2,018,993	$ 3,340,640

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Cash received from customers	$ 225,894	$ 177,164	$ 403,058
Cash payments to suppliers for goods and services	(90,369)	(90,145)	(180,514)
Cash payments to employees for services	(155,949)	-	(155,949)
Net cash provided (used) by operating activities	(20,424)	87,019	66,595
Cash flows from noncapital financing activities:			
Transfers	37,710	(37,710)	-
Net cash provided (used) by noncapital financing activities	37,710	(37,710)	-
Cash flows from capital and related financing activities:			
Captial assets purchased	(35,370)	-	(35,370)
Principal paid on revenue bond maturities	(11,940)	(18,720)	(30,660)
Interest paid	(12,836)	(30,588)	(43,424)
Net cash provided (used) by			
Net cash provided (used) by capital and related financing activities	(60,146)	(49,308)	(109,454)
Cash flows from investing activities:			
Interest on investments	941	498	1,439
Net cash provided (used) by investing activities	941	498	1,439
Net increase (decrease) in cash and cash investments	(41,919)	499	(41,420)
Cash and cash equivalents, beginning	670,554	76,148	746,702
Cash and cash equivalents, ending	$ 628,635	$ 76,647	$ 705,282
Unrestriced cash	$ 544,473	$ -	$ 544,473
Restricted cash	84,162	76,647	160,809
Total cash and cash equivalents	$ 628,635	$ 76,647	$ 705,282
Reconciliation of income (loss) from operations			
to net cash provided (used) by operating activities			
Operating income (loss)	$ (63,341)	$ 37,986	$ (25,355)
Adjustments to reconcile operating income (loss)			
to net cash provided (used) by operations:			
Depreciation	29,055	54,221	83,276
(Increase) decrease in:			
Accounts receivable	7,378	(6,718)	660
Deferred outflows	(8,830)	-	(8,830)
Increase (decrease) in:			
Accounts payable	161	1,530	1,691
Accrued pension	18,147	-	18,147
Deferred inflows	(4,088)	-	(4,088)
Customer deposits	1,094	-	1,094
Net cash provided (used) by			
operating activities	$ (20,424)	$ 87,019	$ 66,595

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Pine Mountain, Georgia (the Town) have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Town are described below.

Reporting Entity

The Town of Pine Mountain, Georgia operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, public works, development, culture, recreation, and public utilities. The Mayor and Town Council are elected by the citizens of Pine Mountain and as such have the decision-making authority over the Town.

The Town is not included in any other "reporting entity" as defined by the Governmental Accounting Standards Board. As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Based upon these criteria, the Town of Pine Mountain has no component units.

Basic Financial Statements

The basic financial statements include both government-wide financial statements (based on the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements categorizer activities as either governmental or business-type activities. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 fund financial statements.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial

statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred without regard to receipt or disbursement of cash. Property taxes are recognized in the period for which levied, provided the Town has an enforceable legal claim to the resources. Grants, shared revenues, and contributions are recognized when all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers revenues as available if they are collected within 60 days after year end. Revenues susceptible to accrual are grant revenue, property taxes, and service contract revenue earned. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded when payment is due.

The Town reports the following major governmental funds:

General Fund

The General Fund is the principal fund of the Town and is used to account for all activities of the Town not otherwise accounted for by a specified fund. This fund is primarily used for the activities under direct control of the Mayor and Council. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

Hotel/Motel Tax Fund

This fund is used to account for all of the hotel/motel tax collected by the Town and the related expenditures.

2014 SPLOST

This capital projects fund is used to account for the receipt and expenditure of Special Purpose Local Option Tax authorized by Harris County referendum in 2014.

The Town reports the following major proprietary fund:

Water Fund

This fund is used to account for all operations relating to activities conducted in the operation of municipal water treatment and supply.

Sewer Fund

This fund is used to account for all operations relating to activities conducted in the operation of a municipal wastewater treatment system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water & Sewer Fund are charges to customers for sales and services. Operating expenses for the Water & Sewer Fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When fund balances are available for a specific purpose in more than one classification, it is the Town's policy to use the most restricted funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Budgets

The Town budgets its operations on an annual basis for the General Fund and the Special Revenue Funds. The proposed budget is prepared each May by a Budget Committee composed of the Mayor and Council. Budget requests from the various Town departments are presented to the Committee for consideration. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Pine Mountain. The final proposed budget is presented at a Town Council meeting for final passage prior to June 30. The final budget is adopted at public meeting. Grants and contracts received by the Town during the year are governed by stipulated budgets that are officially adopted at the time the grants are approved. Other than changes made by grantor contracts, there were no amendments to the officially adopted budget for the year.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the General and Special Revenue Funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Revenues are budgeted by source and expenditures are budgeted by department and class as follows: General government, Public safety, Public works, Housing and Development, Cultural & Recreation, and Debt service. This constitutes the legal level of control. General Fund expenditures for capital outlay are budgeted with the respective departments rather than being separately reported. Expenditures may not exceed appropriations at this level except for matching funds required by grantors. All budget revisions at this level are subject to final review by the Council. Within these control levels, management may transfer appropriations without Council approval, with the exception of salary amounts.

Cash and Cash Equivalents

Cash and equivalents include amounts in demand deposit accounts as well as short-term investments with a maturity date of three months or less.

Prepaid Expenses

Payments to vendors for services that will benefit periods after June 30, 2020 are recorded as prepaid items under the consumption method. Because these items do not represent "available spendable resources" in governmental funds, they are equally offset by fund balance reserve accounts.

Vacation and Sick Leave

Employees earn vacation time as follows:

12 mo. of service	5 days
36 mo. of service	10 days
60 mo. of service	15 days

Sick Leave is earned at the rate of one day per month.

Sick leave does not accumulate. Terminated employees may not receive unused sick pay.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of $500 or more and over three years of useful life. Infrastructure assets acquired or constructed after July 1, 2003 will be capitalized. Prior infrastructure assets have not been capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	60 to 80	Years
Vehicles	7 to 10	Years
Equipment	7 to 10	Years
Water distribution system	50 to 75	Years
Sewerage treatment plant	50 to 75	Years
Sidewalks	30 to 50	Years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This section represents consumption of net position which applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has only one type of item that qualifies for reporting in this category. It is a deferred charge for pension plan contributions which is reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This section represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Town has only one type of item that qualifies for reporting in this category under modified accrual basis of accounting. That item is unavailable revenue for property taxes and is reported in the governmental funds balance sheet. The Town has one item in this category that is reported in the government-wide statement of net position, and that is unavailable revenue for the difference between anticipated pension plan asset yield and actual experience. This amount is amortized and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

At times the Town funds outlays for a particular purpose from both restricted and unrestricted resources. The Town assumes that restricted resources are applied first.

Fund Balance Policies

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Restricted fund balance- amounts constrained to specific purposes by their providers (such as grantors, through constitutional provisions or enabling legislation.

Committed fund balance- Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council through approval of a motion. Only the Town Council can modify or rescind a commitment.

Assigned fund balance- amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned fund balance- amounts that are available for any purpose; positive amounts are reported only in the general fund.

Fund Balance Flow Assumption

The Town's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Town considers committed funds to be expended first followed by assigned and then unassigned funds.

2. DEPOSITS

State statutes require that all non-insured public deposits in financial institutions be fully insured or collateralized by U.S. Government obligations that have a market value of not less than the principal amount of the deposits. The Town's deposits were fully insured or collateralized as required by state statutes at June 30, 2020. At June 30, 2020, the carrying amount of the Town's deposits in financial institutions was $'2,835,687 and the bank balance was $2,867,496. Included in these amounts are certificates of deposit with a carrying value of $1,083,844 and a bank balance of $1,083,844.

State statutes require that all public deposits in financial institutions be fully insured or collateralized by U.S. Government obligations that have a market value of not less than the principal amount of the deposits. At June 30, 2020, the Town's deposits were fully insured and collateralized according to state law.

4. RECEIVABLES

The major receivables consist of utility bills and taxes.

	Governmental Funds	Business Type Activities	Total
Property taxes	$ 31,761	$ -	$ 31,761
Sales tax	43,555	-	43,555
Hotel/Motel tax	65,960	-	65,960
Accounts	-	43,607	43,607
	141,276	43,607	184,883
Allowance for uncollectible	-	(6,500)	(6,500)
	$ 141,276	$ 37,107	$ 178,383

Receivables and revenues from utility bills are recorded when the services are provided. Amounts shown as a receivable on the balance sheet represent amounts owed but not paid. An allowance for uncollectable accounts has been recorded. This represents the amount of utility bills receivable for which collection is doubtful.

Revenues from property taxes are recognized as follows:

An ad valorem tax is charged each year on each parcel of taxable property and on each taxable vehicle and mobile home located in the Town. The tax is assessed to support the Town government. It is based generally on a fixed percentage of the market value multiplied by a millage rate. The market value of the property is determined by the County Board of Assessors and the millage rate is set by the Town Council to produce the revenue required to finance the expected expenditures of the Town.

After the taxable value of the property has been established and the millage rate determined, the tax is computed on each property, and a tax bill is prepared for the property owner. The total of these computations, called the tax digest, is submitted to the State of Georgia for approval before the tax bills are mailed to the property owners. These tax bills then become the basis for tax collections. A list of uncollected taxes is prepared from the bills remaining unpaid at the end of the year.

The Town's ad valorem tax is normally levied each October on the assessed value as of the prior January 1 for all real and business personal property located within the Town limits. Taxes are due sixty days after the levy date. For 2019, ad valorem taxes were levied on November 6 and were due January 2.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance 6-30-19	Additions	Transfers & Disposals	Balance 6-30-20
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 186,569	$ -	$ -	$ 186,569
Construction in progress	-	-	-	-
Total	186,569	-	-	186,569
Capital assets being depreciated				
Buildings	2,976,890	-	-	2,976,890
Equipment	623,356	-	-	623,356
Vehicles	1,097,443	-	-	1,097,443
Infrastructure	942,289	920,595	-	1,862,884
	5,639,978	920,595	-	6,560,573
Less accumulated depreciation for:				
Buildings	(656,316)	(54,553)	-	(710,869)
Equipment	(466,366)	(34,145)	-	(500,511)
Vehicles	(773,985)	(67,091)	-	(841,076)
Infrastructure	(195,671)	(45,733)	-	(241,404)
	(2,092,338)	(201,522)	-	(2,293,860)
Total capital assets being depreciated, net	3,547,640	719,073	-	4,266,713
Governmental activities capital assets, net	$ 3,734,209	$ 719,073	$ -	$ 4,453,282

Business-type Activities:	Balance 6-30-19	Adjustments & Additions	Transfers & Disposals	Balance 6-30-20
Capital assets not being depreciated				
Land	$ 198,538	$ -	$ -	$ 198,538
Construction in progress	-	-	-	-
Total	198,538	-	-	198,538
Capital assets being depreciated				
Buildings	22,547	-	-	22,547
Vehicles	26,241	33,496	-	59,737
Equipment	104,327	1,874	-	106,201
Water distribution system	1,596,177	-	-	1,596,177
Sewerage treatment facilities	3,664,383	-	-	3,664,383
	5,413,675	35,370	-	5,449,045
Less accumulated depreciation for:				
Buildings	(14,394)	(298)	-	(14,692)
Vehicles	(59,007)	(4,785)	32,766	(31,026)
Equipment	(71,561)	(187)	(32,766)	(104,514)
Water distribution system	(837,722)	(23,949)	-	(861,671)
Sewerage treatment plant	(1,021,894)	(54,059)	-	(1,075,953)
	(2,004,578)	(83,278)	-	(2,087,856)
Total capital assets being depreciated, net	3,409,097	(47,908)	-	3,361,189
Business-type activities capital assets, net	$ 3,607,635	$ (47,908)	$ -	$ 3,559,727

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

Governmental activities:	
General Government	$ 3,956
Public Safety	132,876
Public Works	59,033
Culture and recreation	5,657
	$ 201,522

6. LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2020 is summarized as follows:

Governmental Activities	Outstanding 6-30-19	Additions	Reductions	Outstanding 6-30-20	Due In One Year
Capital Leases					
Equipment	$ 77,770	$ -	$ 10,582	$ 67,188	$ 11,052
Equipment	29,841	-	5,605	24,236	24,236
Vehicles	5,396	-	5,396	-	-
Vehicles	73,036	-	73,036	-	-
	186,043	-	94,619	91,424	35,288
Other				-	
Pension Liability	228,720	81,931	-	310,651	-
Total	$ 414,763	$ 81,931	$ 94,619	$ 402,075	$ 35,288

Business-Type Activities	Outstanding 6-30-19	Additions	Reductions	Outstanding 6-30-20	Due In One Year
Revenue Bonds					
1990	$ 218,490	$ -	$ 11,940	$ 206,550	$ 12,830
2001A	625,434	-	16,984	608,450	17,764
2001B	62,748	-	1,736	61,012	1,815
	906,672	-	30,660	876,012	32,409
Other					
Pension Liability	41,156	18,147	-	59,303	-
Total	$ 947,828	$ 18,147	$ 30,660	$ 935,315	$ 32,409

For governmental activities, long-term debt is liquidated by the General Fund. For business-type activities, long term debt is liquidated by the Water Fund and Sewer Fund.

Capital Leases

The Town has entered into lease agreements as lessee for financing the acquisition of equipment and vehicles used for Public Safety in the governmental activities. The lease agreements qualify for capital leases for accounting purposes as either the titles transfer at the end of the lease terms or the leases include bargain purchase options and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. Lease payments are due variously in monthly or annual installments.

The original cost of the Town's assets under capital lease arrangements at June 30, 2020 is $253,683, and there has been $74,859 of accumulated depreciation recognized as of year-end. Annual depreciation of these assets is included in depreciation expense on the government wide financial statements.

The Town's total capital lease debt service requirements to maturity are as follows:

	Governmental Activities
Years ending June 30,	
2021	$ 38,847
2022	13,884
2023	13,884
2024	13,885
2025	13,884
2026	6,943
Total minimum lease payments	101,327
Less amount representing interest	(9,903)
Present value of future minimum lease payments	$ 91,424

Revenue Bonds

The Town has issued three series of Revenue Bonds to finance capital improvements to water and sewer facilities.

In 1990, Water Revenue Bonds were issued in the amount of $335,000. These are payable in annual installments through 2031 with interest at 5.875%.

In 2001, the Town issued two series of Sewer Revenue Bonds in the amounts of $829,200 and $83,570. These are payable in annual installments through 2042 with interest at 4.5%.

The Town has pledged the revenues from water and sewer operations to repay the bonds. Certain sinking fund requirements to repay the debt are in place, and the Town is in compliance with those requirements.

Debt service requirements to maturity on the note is as follows:

Year Ending June 30,	Business Activities Principal	Interest	Total
2021	$ 32,409	$ 41,862	$ 74,271
2022	34,249	40,210	74,459
2023	36,210	38,460	74,670
2024	38,284	36,607	74,891
2025	40,483	34,645	75,128
2026-2030	240,416	139,468	379,884
2031-'2035	194,312	79,914	274,226
2036-2040	210,504	36,036	246,540
2041-2042	49,145	1,239	50,384
	$ 876,012	$ 448,441	$ 1,324,453

7. RISK MANAGEMENT

The Governmental Accounting Standards Board (GASB) issued Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which establishes standard accounting and financial reporting practices for public entity risk pools and governmental entities. The following disclosures are offered in accordance with GASB 10.

The Town is exposed to various forms of risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town accounts for risk financing activities in the General fund. The Town purchases insurance from the commercial insurance market for all risk categories except natural disasters, for which the Town is self-insured. Because of no recent history of loss from natural disasters, no estimated liability has been recorded.

There have been no decreases in insurance coverage from the prior year. Settled claims have not exceeded commercial excess coverage in any of the past three years.

The Town is also a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the Fund to the employees of the Town is specifically limited to such obligations as are imposed by applicable state laws against the Town for workers' compensation and/or liability.

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

The Fund is to defend, in the name of and on behalf of the members, any suit or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefor, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgement, and all expenses incurred for investigation, negotiation or defense.

8. EMPLOYEE BENEFITS

Defined Benefit Pension Plan

The Town contributes to a defined benefit pension plan for all of its full-time employees through the Georgia Municipal Employees Benefit System, an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association (GMA). The Public Retirement Systems Standard Law (OCGA 47-20-10) assigns the authority to establish and amend the plan to the Town. GMA issues a publicly available financial report that includes the financial statements and required supplementary information for GMBEBS. That report may be obtained by writing to GMBEBS, 201 Pryor St., SW, Atlanta, Georgia 30303. The financial information contained here is as of the most recent valuation date of January 1, 2020.

Eligibility-To be eligible, employees must have completed on year of full-time employment. Vesting is scheduled over a ten-year period, with full vesting at the end of ten years.

Membership in the plan at June 30, 2020 is as follows:

Active participants	15
Vested terminated	2
Retired Participants	8
Total	25

Contributions: Required contributions are determined by the Town Council based on actuarial calculations performed by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The plan Is noncontributory, meaning the employees may not make contributions to the Plan.

The Town's required contribution rate and required contributions for the year ended June 30, 2020 were 8.16% and $48,372 respectively. Actual contributions for the year equaled $51,253 or 105% of required contributions, and 8.65% of covered payroll.

Net Pension Liability: The Town's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017. The total pension liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Cost of living	0.000%
Salary increases	2.750%
Investment rate of return	7.375%

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study conducted November and December 2019. In addition, mortality rates were based on the RP-2000 Mortality Tables with sex-distinct rates, set forward two years for males and one year for females.

The long-term expected rate of return on Plan investments was determined using a building block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2019 are summarized in the following table:

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

Discount Rate: The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employer will be made at the current contractually required rates, actuarially determined.

Changes in Net Pension Liability: Changes in the Town's net pension liability for the year ended June 30, 2020 were as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances--Ending 9-30-18	$ 1,259,695	$ 989,819	$ 269,876
Changes for the Year:			
Service cost	22,669		22,669
Interest expense	92,661		92,661
Experience losses (gains)	27,385		27,385
Contributions--employer		51,253	(51,253)
Net investment income		27,585	(27,585)
Benefit payments	(93,755)	(93,755)	-
Plan administrative expenses		(3,955)	3,955
Other changes	32,246	-	32,246
Net Changes	81,206	(18,872)	100,078
Balances--Ending 9-30-19	$ 1,340,901	$ 970,947	$ 369,954

Sensitivity of the Net Pension Liability to Changes in the discount Rate: The following presents the net pension liability calculated using the discount rate of 7.375%, as well as what the net pension liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current rate.

	Discount Rate	Net Pension Liability
1% decrease	6.375%	$ 536,318
Current rate	7.375%	$ 369,954
1% increase	8.375%	$ 232,212

Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued Plan financial report.

Pension Expense, Deferred Outflows of Financial resources, and Deferred Inflows of Resources: For the year ended June 30, 2020, the Town recognized pension expense of $70,745. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 33,266	$ -
Differences expected and actual earnings	35,928	(43,591)
Experience differences	66,935	(4,725)
	$ 136,129	$ (48,316)

Amounts recognized as deferred outflows of resources and inflows of resources will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	$ 39,060	$ (25,504)
2022	39,060	(18,237)
2023	29,151	(4,575)
2024	18,920	-
2025	9,938	-
	$ 136,129	$ (48,316)

Postemployment Benefit Plan

The Town maintains the Town of Pine Mountain Retiree Health Plan for retirees through which the Town makes annual, elective contributions to the Plan to be used by retirees for supplementing health insurance costs. The plan qualifies as a defined contribution plan. The Town pays a maximum of $5,000 per retiree per year into the Plan. The Plan is administered by the Town.

The contribution rate is determined by the Council each year. The Town council adopted the Plan and may amend the Plan by resolution.

During the year ended June 30, 2020 the Town contributed $30,000 to the Plan for the benefit of the 5 former employees participating. All Plan funds were disbursed at the direction of the respective retirees. Retirees do not make contributions to the plan.

Other Pension Plans

The Town's police and firefighters are participants in retirement plans managed by Funds created by the Georgia Legislature. The Plans in which the Town's employees participate are the Peace Officers Annuity and Benefit Fund (POAB) and the GA Firefighters Pension Fund. The Town makes transfer payments to the plan Administrators, and the Administrators make contributions to the Plans for the participating employees. The amounts contributed to these plans were not material for the year ended June 30, 2020

9. COMMITMENTS AND CONTINGENT LIABILITIES

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

The Town attorney advises that there are no legal actions that were in progress by or against the Town at June 30, 2020.

The Town does not contribute to State Unemployment funds. Instead, the Town directly reimburses the State for unemployment benefits actually paid during each year. At June 30, 2020 there were no unpaid claims that Town management believes to be material.

The Town leases a portion of its Public Safety building to Harris County for use as a site for emergency medical services. The lease term expires December 31, 2020 but is automatically

renewed unless one party notifies the other of its intention to terminate. Lease payments are $664 per month. This lease activity is reported in the General Fund. During the year ended June 30, 2020, $7,966 was received as lease payments under this agreement.

10. HOTEL/MOTEL TAX

The Town collects Hotel and Motel tax from local establishments. Under a 2007 agreement, these tax revenues are pledged against the Development Authority of Harris County Revenue Bonds which were issued to facilitate economic development in the Town. The tax revenue is paid to a Trustee on a periodic basis. The Town of Pine Mountain retains 6% of the total collected for direct use in administration of the tax and other economic development programs. During the year ended June 30, 2020, the Town had tax revenues from this source of $524,149 and remitted or owed $462,595 for tourism programs. The remaining net position in the fund of $26,350 is not restricted but has been assigned for tourism.

11. INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2020 were as follows:

	Transfers In			
Transfers Out	General Fund	2014 SPLOST	Water Fund	Total
General Fund	$ -	$ 291,360	$ -	$ 291,360
Hotel Motel Tax Fund	65,000	-	-	65,000
CDBG Grant Fund	-	1,971	-	1,971
Sewer Fund	-	-	37,610	37,610
	$ 65,000	$ 293,331	$ 37,610	$ 395,941

Transfers are used to move unrestricted revenues collected in various funds to finance various programs of the Town. During the year, the General Fund transferred amounts to the 2014 SPLOST Fund to provide local match required by a CDBG grant accounted for in the SPLOST Fund. The Hotel Motel Fund transferred amounts to the General Fund which constituted the administration reimbursement specified by OCGA. The Sewer Fund transferred excess cash to the Water Fund as of the end of the year.

13. JOINT VENTURE

Under Georgia law, the Town, in conjunction with the other municipalities and county governments in a twelve county area, was a member in the River Valley Regional Commission (RC) as of June 30, 2020. Under the law, the Town is required to pay dues thereto. During the year ended June 30, 2020, the Town paid $6,094 in such dues. Membership in the Commission is required under O.C.G.A. Section 50-8-34. The Commission governing Board includes the chief elected official of each county and one municipality included in the RC area. Member governments are liable for any debts or obligations incurred by the RC. Separate RC financial statements may be obtained from:

River Valley Regional Commission
PO Box 1908
Columbus, GA 31902

14. SECIAL PURPOSE LOCAL OPTION SALES TAX

The Town receives SPLOST from Harris County from time to time for various capital outlay projects as approved in voter referendums. Expenditures for these projects are as follows:

1999 SPLOST	Original Estimated	Current Estimated	Prior Expenditures	Current Expenditures	Total
Recreation facilities	$ 200,000	$ 200,000	$ 186,924	$ -	$ 186,924

2014 SPLOST	Original Estimated	Current Estimated	Prior Expenditures	Current Expenditures	Total
Government buildings	$ -	$ 586,614	$ 546,999	$ -	$ 546,999
Recreational facilities	961,000	-	-	-	-
Drainage improvements	-	200,000	-	136,940	136,940
Debt service	-	174,386	174,386	-	174,386
	961,000	961,000	721,385	136,940	858,325
Drainage paid CDBG Grant			86,254	492,295	578,549
Drainage paid General Fund			33,081	293,331	326,412
	$ 961,000	$ 961,000	$ 840,720	$ 922,566	$ 1,763,286

2019 SPLOST	Original Estimated	Current Estimated	Prior Expenditures	Current Expenditures	Total
Roads and streets	$ 154,000	$ 154,000	$ -	$ -	$ -
Water system improvements	385,000	385,000	-	-	-
Public safety equipment	86,000	86,000	-	81,596	81,596
	$ 625,000	$ 625,000	$ -	$ 81,596	$ 81,596

The previous 2014 SPLOST schedule did not show the Drainage project. Previously it was solely funded by a CDBG Grant and the General Fund. It has been added to the 2014 SLOST schedule because part of the overall project was funded with SPLOST revenues in the current year, as described in another footnote. Note the Prior Expenditures have been restated to reflect the total project costs for all years.

15. CHANGE IN FUND REPORTING

During the year, the Town used 2014 SPLOST revenue to assist with matching on a CDBG Grant that funded a drainage project. The CDBG Grant activity was reported in a special revenue fund in FY 2019. Because the overall project included the expenditure of SPLOST revenues in the year ended June 30, 2020, all of the FY 2020 CDBG activity has been reported in the 2014 SPLOST Fund to properly report the total project cost. The CDBG Fund reported for the year ended June 30, 2019 had no assets or liabilities therefor no activity was reported in a separate fund for the CDBG Grant in 2020.

TOWN OF PINE MOUNTAIN, GEORGIA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		
	Original	**Final**	**Actual**
Revenues			
Taxes	$ 1,242,200	$ 1,407,849	$ 1,279,283
Charges for Services	137,704	137,704	4,494
Licenses and Permits	-	-	44,800
Fines and Forfeitures	180,000	240,000	186,561
Interest	-	-	5,438
Other	-	-	46,205
Total Revenues	1,559,904	1,785,553	1,566,781
Expenditures			
Current			
General government	274,878	274,878	243,736
Public safety	870,132	870,132	822,466
Public works	500,651	735,000	331,991
Culture and recreation	10,443	10,443	2,182
Debt service	103,527	103,527	103,527
Total Expenditures	1,759,631	1,993,980	1,503,902
Excess (deficiency) of Revenues Over (Under) Expenditures	(199,727)	(208,427)	62,879
Other Financing Sources (Uses)			
Transfers—In	-	-	65,000
Transfers—Out	-	-	(291,360)
Total Other Financing Sources (Uses)	-	-	(226,360)
Net Change in Fund Balances	(199,727)	(208,427)	(163,481)
Fund Balances (Deficit) at Beginning	1,966,908	1,966,908	1,966,908
Fund Balances at End of Year	1,767,181	1,758,481	1,803,427

TOWN OF PINE MOUNTAIN, GEORGIA
Budgetary Comparison Schedule
Hotel/Motel Tax Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		
	Original	**Final**	**Actual**
Revenues			
Taxes	$ 850,000	$ 850,000	$ 524,149
Interest	2,000	2,000	-
Total Revenues	852,000	852,000	524,149
Expenditures			
Current			
Housing and development	800,200	800,200	462,595
Total Expenditures	800,200	800,200	462,595
Excess (deficiency) of Revenues Over (Under) Expenditures	51,800	51,800	61,554
Other Financing Sources (Uses)			
Transfers—In	-	-	-
Transfers—Out	(51,800)	(51,800)	(65,000)
Total Other Financing Sources (Uses)	(51,800)	(51,800)	(65,000)
Net Change in Fund Balances	-	-	(3,446)
Fund Balances (Deficit) at Beginning	29,682	29,682	29,682
Fund Balances at End of Year	29,682	29,682	26,236

TOWN OF PINE MOUNTIN, GEORGIA
Pension Plan
Schedule of Changes in Net pension Liability and Related Ratios
Ten Fiscal Years Ended

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	$ 22,669	$ 14,940	$ 17,694	$ 18,538	$ 16,040	$ 17,027
Interest	92,661	87,248	86,647	81,614	80,032	78,574
Diff. expected and actual	27,385	51,156	(7,284)	40,263	(10,863)	(1,956)
Changes in assumptions	32,246	-	15,989	-	-	(12,189)
Benefit payments	(93,755)	(84,028)	(81,397)	(69,542)	(60,058)	(65,207)
Net change	81,206	69,316	31,649	70,873	25,151	16,249
Total liability beginning	1,259,695	1,190,379	1,158,730	1,087,857	1,062,706	1,046,457
Total liability ending	$ 1,340,901	$ 1,259,695	$ 1,190,379	$ 1,158,730	$ 1,087,857	$ 1,062,706
Plan Fiduciary Net Position						
Contributions-Employer	$ 51,253	$ 47,724	$ 43,755	$ 41,859	$ 43,377	$ 47,244
Net investment income	27,585	91,750	125,670	87,911	9,809	84,264
Benefit payments	(93,755)	(84,028)	(81,397)	(69,542)	(60,058)	(65,207)
Administrative expense	(3,955)	(4,280)	(4,592)	(2,421)	(2,642)	(2,156)
Net change	(18,872)	51,166	83,436	57,807	(9,514)	64,145
Fiduciary net position beginning	989,819	938,653	855,217	797,410	806,924	742,779
Fiduciary net position ending	$ 970,947	$ 989,819	$ 938,653	$ 855,217	$ 797,410	$ 806,924
Net pension liability ending	$ 369,954	$ 269,876	$ 251,726	$ 303,513	$ 290,447	$ 255,782
Plan fiduciary net position as a percentage of total pension liability	72.41%	78.58%	78.85%	73.81%	73.30%	75.93%
Covered employee payroll	$ 592,441	$ 548,040	$ 436,541	$ 490,649	$ 554,812	$ 503,922
Net pension liability as a percentage of covered payroll	62.45%	49.24%	57.66%	61.86%	52.35%	50.76%

(Historical information prior to implementation of GASB 67/68 is not required)

TOWN OF PINE MOUNTAIN, GEORGIA
Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	*	49,751	47,048	42,657	41,593	43,971
Contributions in relation to the actuarially determined contribution	*	49,751	47,048	42,657	41,593	43,971
Contribution deficiency (excess)	*		-	-	-	-
Covered emplyee payroll	*	548,040	436,541	490,649	554,812	503,922
Contributions as a percentage of covered employee payroll	*	9.08%	10.78%	8.69%	7.50%	8.73%

(Historical information prior to implementation of GASB 67/68 is not required)

* 2019 information was not determined as of the report date and will be included in the 2019 valuation report.

TOWN OF PINE MOUNTAIN, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For Year Ended June 30, 2020

Budgetary Accounting

The Town budgets its operations on an annual basis for the General Fund. The proposed budget is prepared each year by a Budget Committee composed of the Mayor and Council. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Pine Mountain. The final proposed budget is presented at a Town Council meeting for final passage prior to June 30. The final budget is adopted at public meeting.

The Town prepares its budget on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – presents a comparison of budgetary data to actual results of operations for which annual operating budgets are legally adopted. Revenues are budgeted by source and expenditures are budgeted by department and class as follows: General government, Public Safety, Public works, and Culture and Recreation. This constitutes the legal level of control. General Fund expenditures for capital outlay are budgeted with the respective departments rather than being separately reported. Expenditures may not exceed appropriations at this level except for matching funds required by grantors. All budget revisions at this level are subject to final review by the Council. Within these control levels, management may transfer appropriations without Council approval, with the exception of salary amounts.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. There were no outstanding encumbrances at year-end.

Valuation Date

The valuation date used in the Schedule of Contributions is as of January 1, 2020 with an interest adjustment to the fiscal year. Contributions in relation to the actuarially determined contribution will be reported for the fiscal year ending June 30, 2021.

Methods and Assumptions to Determine Contribution Rates

Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted for 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net investment rate of return	7.375%
Salary increases	2.25% plus service based merit increases

Cost of living adjustments	0.00%
Retirement age	In the 2019 actuarial valuation, expected retirement ages were adjusted to more closely reflect actual experience
Mortality	In the 2019 actuarial valuation, assumed expectancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant Mortality Table with sex-distinct rates

Changes in Assumptions

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

- The mortality table for healthy retirees and beneficiaries was changed from the sex distinct RP-2000 Combined Health Mortality Table, set forward two years in age for males and one year for females to the sex distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex distinct RP-2000 Disabled Retiree Mortality Table to the sex distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex distinct RP-2000 Combined Health Mortality Table, set forward two years in age for males and one year for females to the sex distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex distinct Scale SSA2019. Previously future mortality improvements were not explicitly projected.
- The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 30% at age 62, 40% at age 63, 45% at age 64, 50% at age 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.
- The new assumption related to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at age 63 and 64, 35% at age 65, 25% at age 66 to 71 and 100% at age 72 or older.
- Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71m and 100% at ages 72 and older. In addition, in the first year a person is eligible for normal retirement, the rate is increased by 30%.
- Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 06 to 64, 35% at age 65, 25% at ages 66 to 71, and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.
- Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66

to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%

- The turnover rates were changed from the greater of age-based rate and select rates for the first five years of service followed by age-based rates thereafter to service based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75% to 2.25%
- The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.5% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.
- The investment rate of return assumption was decreased from 7.50% to 7.375%

Benefit Changes

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

TOWN OF PINE MOUNTAIN, GEORGIA
Combining Balance Sheet
Non Major Governmental Funds
June 30, 2020

	Capital Projects		Special Revenue			Total
	1999 SPLOST	2019 SPLOST	TIA	CDBG Drainage	LMIG	Non Major
ASSETS						
Cash	$ 4,544	$ 45,726	$ 228,926	$ -	$ 37,513	$ 316,709
Total Assets	4,544	45,726	228,926	-	37,513	316,709
LIABILITIES AND FUND BALANCES						
Liabilities						
Due to other funds	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Fund Balances						
Restricted for transportation projects	-	-	228,926	-	37,513	266,439
Restricted for capital projects	4,544	45,726	-	-	-	50,270
Total Liabilities and Fund Balances	$ 4,544	$ 45,726	$ 228,926	$ -	$ 37,513	$ 316,709

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Non Major Governmental Funds
For the Year Ended June 30, 2020

	Capital Projects		Special Revenue			Total
	1999 SPLOST	2019 SPLOST	TIA	CDBG Drainage	LMIG	Non Major
Revenues						
Intergovernmental	$ -	$ 118,357	$ 41,368	$ -	$ -	$ 159,725
Total Revenues	-	118,357	41,368	-	-	159,725
Expenditures						
Public Safety	-	81,596	-	-	-	81,596
Total Expenditures	-	81,596	-	-	-	81,596
Excess (deficiency) of Revenues Over (Under) Expenditures	-	36,761	41,368	-	-	78,129
Other Financing Sources						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(1,971)	-	(1,971)
Total Other Financing Sources	-	-	-	(1,971)	-	(1,971)
Net Change in Fund Balances	-	36,761	41,368	(1,971)	-	76,158
Fund Balances (Deficit) at Beginning	4,544	8,965	187,558	1,971	37,513	240,551
Fund Balances at End of Year	$ 4,544	$ 45,726	$ 228,926	$ -	$ 37,513	$ 316,709

Town of Pine Mountain
CDBG Grant 17p-x-072-2-5954
Schedule of Funding Progress
Year Ended June 30, 2020

	Original Budget	Revised Budget	Prior Year	Current Year	Total
REVENUES					
Grant revenue	$ 578,550	$ 578,550	$ 86,254	$ 492,295	$ 578,549
EXPENDITURES					
Construction	359,800	426,884		426,884	426,884
Acquisition of property	35,000	25,716	24,384	1,332	25,716
Contengencies	57,800	-		-	-
Engineering	47,900	47,900	47,304	596	47,900
Administration	34,700	34,700	14,566	20,134	34,700
Street Inprovements	43,350	43,350	-	43,350	43,350
CDBG expended	578,550	578,550	86,254	492,296	578,550
Local match	211,000	211,000	33,081	430,270	463,351
Total	$ 789,550	$ 789,550	$ 119,335	$ 922,566	$ 1,041,901

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE *WITH GOVERNMENT AUDITING STANDARDS*

Mayor and Council
Town of Pine Mountain
Pine Mountain, Georgia

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pine Mountain, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Pine Mountain's basic financial statements and have issued my report thereon dated September 23, 2020

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Pine Mountain, Georgia's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with

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

Town of Pine Mountain, Georgia's Response to Findings

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

Purpose of this Report

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

Kim Kimmel CPA

Richland, Georgia
September 23, 2020

TOWN OF PINE MOUNTAIN, GEORGIA
Schedule of Findings and Responses
June 30, 2020

Material Weaknesses

2020-1 Segregation of Duties

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

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

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

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