TOWN OF PINE MOUNTAIN

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

TOWN OF PINE MOUNTAIN
FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

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Kim Kimmel
Certified Public Accountant
PO 39
Richland, Georgia 31825

Member:
American Institute of CPAs
Georgia Society of CPAs
Government Audit Quality Center

229-887-2543
229-887-3402 fax
crazycpa@bellsouth.net

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, 2021, 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, 2021, 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 30 and 31 and the Pension Schedules on pages 32 and 33, 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 14, 2021 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 14, 2021

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 2,608,843	$ 562,757	$ 3,171,600
Receivables	452,845	33,792	486,637
Restricted cash	-	162,183	162,183
Nondepreciable Capital Assets	186,569	210,538	397,107
Depreciable Capital Assets, Net	4,166,782	3,279,570	7,446,352
Total Assets	7,415,039	4,248,840	11,663,879
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension plan charges	81,395	15,674	97,069
Total deferred outflow of resources	81,395	15,674	97,069
LIABILITIES			
Accounts Payable	337,127	8,911	346,038
Deposits	-	35,450	35,450
Capital leases due within one year	11,543	-	11,543
Capital leases due in more than one year	44,593	-	44,593
Bonds payable due within one year	-	15,669	15,669
Bonds payable in more than one year	-	828,534	828,534
Net pension obligation due in more than one year	244,750	47,131	291,881
Total Liabilities	638,013	935,695	1,573,708
DEFERRED INFLOWS OF RESOURCES			
Pension plan deferrals	70,695	13,614	84,309
Total deferred inflow of resources	70,695	13,614	84,309
NET POSITION			
Net investment in capital assets	4,297,215	2,645,905	6,943,120
Restricted for:			
Transportation projects	309,257	-	309,257
Capital projects	190,163	-	190,163
Unrestricted	1,991,091	669,300	2,660,391
Total Net Position	$ 6,787,726	$ 3,315,205	$ 10,102,931

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Activities
For the Year Ended June 30, 2021

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	$ 264,025	$ 52,318	$ -	$ -	$ (211,707)
Public Safety	984,677	236,262	95,727	16,667	(636,021)
Public Works	423,823	-	-	224,235	(199,588)
Housing and development	850,229	-	-	-	(850,229)
Culture and recreation	21,754	-	-	33,435	11,681
Interest on long-term debt	4,454	-	-	-	(4,454)
Total Governmental Activities	2,548,962	288,580	95,727	274,337	(1,890,318)
Business-Type Activities:					
Water utilities	306,933	248,264	-	-	(58,669)
Sewerage treatment	137,935	154,842	-	-	16,907
Total Business-Type Activities:	444,868	403,106	-	-	(41,762)
Total Government	2,993,830	691,686	95,727	274,337	(1,932,080)

	Governmental Activities	Business-Type Activities	
General revenues:			
Taxes:			
Advalorem	716,843	-	716,843
Sales tax	255,435	-	255,435
Hotel/motel tax	929,172	-	929,172
Franchise tax	158,257	-	158,257
Insurance premium tax	125,003	-	125,003
Alcoholic beverage tax	66,886	-	66,886
Other taxes	58,517	-	58,517
Miscellaneous	59,653	-	59,653
Investment Revenue	5,031	1,960	6,991
Capital contributions	-	14,367	14,367
	2,374,797	16,327	2,391,124
Changes in net position	484,479	(25,435)	459,044
Net position beginning of year	6,303,247	3,340,640	9,643,887
Net position at end of year	$ 6,787,726	$ 3,315,205	$ 10,102,931

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2021

	General	Hotel/Motel Tax	Total Non Major	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 2,104,197	$ 5,184	$ 499,462	$ 2,608,843
Due from other funds	42	-	-	42
Receivables	124,694	328,151	-	452,845
Total Assets	2,228,933	333,335	499,462	3,061,730
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	30,142	306,985	-	337,127
Due to other funds	-	-	42	42
Total Liabilities	30,142	306,985	42	337,169
Deferred Inflows of Resources	41,287	-	-	41,287
Fund Balances				
Restricted for transportation projects	-	-	309,257	309,257
Restricted for capital projects	-	-	190,163	190,163
Assigned for tourism	-	26,350	-	26,350
Unassigned	2,157,504	-	-	2,157,504
Total Fund Balances	2,157,504	26,350	499,420	2,683,274
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,228,933	$ 333,335	$ 499,462	$ 3,061,730

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, 2021

Total Governmental Funds Balances	$	2,683,274
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Capital assets of $6,818,556 net of accumulated depreciation of $2,465,205 used in governmental activities are not financial resources and, therefore, are not reported in the funds.		4,353,351
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		(300,886)
Certain resources are recorded in the funds as current but are properly deferred in the statement of net assets		
Deferred outflows for pension plans		81,395
Deferred inflows for pension plans		(70,695)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property taxes		41,287
Net Position of Governmental Activities	$	6,787,726

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, 2021

	General	Hotel/Motel Tax	Total Non Major	Total Governmental Funds
Revenues				
Property Taxes	$ 707,317	$ -	$ -	$ 707,317
Sales Taxes	255,435	-	-	255,435
Hotel Motel tax	-	929,172	-	929,172
Franchise tax	158,257	-	-	158,257
Insurance premium tax	125,003	-	-	125,003
Alcoholic beverage tax	66,886	-	-	66,886
Other Local Taxes	58,517	-	-	58,517
Charges for Services	3,909	-	-	3,909
Licenses and Permits	48,409	-	-	48,409
Fines and Forfeitures	236,262	-	-	236,262
Intergovernmental	129,162	-	240,902	370,064
Interest	4,974	57	-	5,031
Other	59,653	-	-	59,653
Total Revenues	1,853,784	929,229	240,902	3,023,915
Expenditures				
Current				
General government	260,369	-	-	260,369
Public safety	891,368	-	-	891,368
Public works	325,228	-	-	325,228
Housing and development	-	850,229	39,821	890,050
Culture and recreation	75,826	-	-	75,826
Capital outlay	-	-	4,544	4,544
Debt service:				
Principal	24,236	-	11,052	35,288
Interest	1,622	-	2,832	4,454
Total Expenditures	1,578,649	850,229	58,249	2,487,127
Excess (deficiency) of Revenues Over (Under) Expenditures	275,135	79,000	182,653	536,788
Other Financing Sources (Uses)				
Proceeds long term debt	-	-	-	-
Transfers—In	79,000	-	58	79,058
Transfers—Out	(58)	(79,000)	-	(79,058)
Total Other Financing Sources (Uses)	78,942	(79,000)	58	-
Net Change in Fund Balances	354,077	-	182,711	536,788
Fund Balances (Deficit) at Beginning	1,803,427	26,350	316,709	2,146,486
Fund Balances at End of Year	2,157,504	26,350	499,420	2,683,274

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, 2021

Net Change in Fund Balances—Total Governmental Funds	$	536,788
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		71,414
Depreciation		(171,345)
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.		35,288
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		2,808
Elimination of transfers between governmental funds		
Transfers in		(79,058)
Transfers out		79,058
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property Taxes deferred		9,526
Change in Net Position of Governmental Activities	$	484,479

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Net Position
Proprietary Funds
June 30, 2021

	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 562,757	$ -	$ 562,757
Receivables net	17,734	16,058	33,792
Resticted cash	85,344	76,839	162,183
Total Current Assets	665,835	92,897	758,732
Noncurrent Assets:			
Nondepreciable assets	210,538	-	210,538
Depreciable assets, net	742,109	2,537,461	3,279,570
Total Non-current Assets	952,647	2,537,461	3,490,108
Total Assets	1,618,482	2,630,358	4,248,840
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on pension plan	15,674	-	15,674
LIABILITIES			
Current Liabilities:			
Accounts Payable	8,911	-	8,911
Payable from restricted assets:			
Revenue bonds	13,770	1,899	15,669
Deposits	35,450	-	35,450
Total Current Liabilities	58,131	1,899	60,030
Long-Term Liabilities			
Net pension liability	47,131	-	47,131
Revenue bonds payable	179,950	648,584	828,534
Total Long-term Liabilities	227,081	648,584	875,665
Total Liabilities	285,212	650,483	935,695
DEFERRED INFLOW OF RESOURCES			
Deferred amount on pension plan	13,614	-	13,614
NET POSITION			
Net investment in capital assets	758,927	1,886,978	2,645,905
Unrestricted	576,403	92,897	669,300
Total Net Position	$ 1,335,330	$ 1,979,875	$ 3,315,205

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, 2021

	Water Fund	Sewer Fund	Total
Operating revenues:			
Charges for services	$ 248,264	$ 154,842	$ 403,106
Total operating revenues	248,264	154,842	403,106
Operating expenses:			
Personal services	192,550	-	192,550
Materials and supplies	15,563	42,693	58,256
Contractual and other services	56,595	11,617	68,212
Depreciation	30,091	53,896	83,987
Total operating expenses	294,799	108,206	403,005
Income (loss) from operations	(46,535)	46,636	101
Nonoperating revenues (expenses):			
Investment income	1,769	191	1,960
Interest expense	(12,134)	(29,729)	(41,863)
Total nonoperating revenues (expenses)	(10,365)	(29,538)	(39,903)
Income before transfers	(56,900)	17,098	(39,802)
Capital contributed	14,367	-	14,367
Transfers in	56,216	-	56,216
Transfers out	-	(56,216)	(56,216)
Change in net position	13,683	(39,118)	(25,435)
Net position beginning	1,321,647	2,018,993	3,340,640
Net position, ending	$ 1,335,330	$ 1,979,875	$ 3,315,205

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, 2021

	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Cash received from customers	$ 247,847	$ 160,765	$ 408,612
Cash payments to suppliers for goods and services	(68,640)	(55,840)	(124,480)
Cash payments to employees for services	(192,762)	-	(192,762)
Net cash provided (used) by operating activities	(13,555)	104,925	91,370
Cash flows from noncapital financing activities:			
Transfers	56,216	(56,216)	-
Net cash provided (used) by noncapital financing activities	56,216	(56,216)	-
Cash flows from capital and related financing activities:			
Captial assets acquired	(14,368)	-	(14,368)
Capital assets contrinbuted	14,368		
Principal paid on revenue bond maturities	(12,830)	(18,979)	(31,809)
Interest paid	(12,134)	(29,729)	(41,863)
Net cash provided (used) by			
Net cash provided (used) by capital and related financing activities	(24,964)	(48,708)	(88,040)
Cash flows from investing activities:			
Interest on investments	1,769	191	1,960
Net cash provided (used) by investing activities	1,769	191	1,960
Net increase (decrease) in cash and cash investments	19,466	192	5,290
Cash and cash equivalents, beginning	628,635	76,647	705,282
Cash and cash equivalents, ending	$ 648,101	$ 76,839	$ 710,572
Unrestriced cash	$ 562,757	$ -	$ 562,757
Restricted cash	85,344	76,839	162,183
Total cash and cash equivalents	$ 648,101	$ 76,839	$ 724,940
Reconciliation of income (loss) from operations			
to net cash provided (used) by operating activities			
Operating income (loss)	$ (46,535)	$ 46,636	$ 101
Adjustments to reconcile operating income (loss)			
to net cash provided (used) by operations:			
Depreciation	30,091	53,896	83,987
(Increase) decrease in:			
Accounts receivable	(2,607)	5,923	3,316
Deferred outflows	5,516	-	5,516
Increase (decrease) in:			
Accounts payable	3,518	(1,530)	1,988
Accrued pension	(12,172)	-	(12,172)
Deferred inflows	6,444	-	6,444
Customer deposits	2,190	-	2,190
Net cash provided (used) by			
operating activities	$ (13,555)	$ 104,925	$ 91,370

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTIN, GEORGIA
Statement of Fiduciary Net Position
OPEB Trust Fund
June 30, 2021

ASSETS	
Cash	$ 23,439
Total Assets	23,439
Fiduciary Net Position-held for OPEB health plan	$ 23,439

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTIN, GEORGIA
Statement of Changes in Fiduciary Net Position
OPEB Trust Fund
Year Ended June 30, 2021

ADDITIONS	
Contributions General Fund	$ 51,988
Total additions	51,988
DEDUCTIONS	
Benefits	28,549
Total deductions	28,549
Change in net position	23,439
Net position beginning of year	-
Net position end of year	$ 23,439

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.

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.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The fiduciary fund financial statements are presented using the accrual basis of accounting.

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.

Trust Fund- This fund accounts for the Town's payments into accounts for the benefit of participants in a post-employment benefit plan.

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, 2021 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, 2021. At June 30, 2021, the carrying amount of the Town's deposits in financial institutions was $3,333,783 and the bank balance was $3,888,024. Included in these amounts are certificates of deposit with a carrying value of $1,167,363 and a bank balance of $1,167,363.

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, 2021, 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	$ 41,287	$ -	$ 41,287
Sales tax	49,972	-	49,972
DNR Grant	33,435	-	33,435
Hotel/Motel tax	328,151	-	328,151
Accounts	-	41,904	41,904
	452,845	41,904	494,749
Allowance for uncollectible	-	(8,112)	(8,112)
	$ 452,845	$ 33,792	$ 486,637

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 2020, 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, 2021 was as follows:

	Balance 6-30-20	Additions	Transfers & Disposals	Balance 6-30-21
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	71,414	-	694,770
Vehicles	1,097,443	-	-	1,097,443
Infrastructure	1,862,884	-	-	1,862,884
	6,560,573	71,414	-	6,631,987
Less accumulated depreciation for:				
Buildings	(710,869)	(54,553)	-	(765,422)
Equipment	(500,511)	(30,249)	-	(530,760)
Vehicles	(841,076)	(40,810)	-	(881,886)
Infrastructure	(241,404)	(45,733)	-	(287,137)
	(2,293,860)	(171,345)	-	(2,465,205)
Total capital assets being depreciated, net	4,266,713	(99,931)	-	4,166,782
Governmental activities capital assets, net	$ 4,453,282	$ (99,931)	$ -	$ 4,353,351

Business-type Activities:	Balance 6-30-20	Adjustments & Additions	Transfers & Disposals	Balance 6-30-21
Capital assets not being depreciated				
Land	$ 198,538	$ 12,000	$ -	$ 210,538
Construction in progress	-	-	-	-
Total	198,538	12,000	-	210,538
Capital assets being depreciated				
Buildings	22,547	-	-	22,547
Vehicles	59,737	-	-	59,737
Equipment	106,201	-	-	106,201
Water distribution system	1,596,177	2,368	-	1,598,545
Sewerage treatment facilities	3,664,383	-	-	3,664,383
	5,449,045	2,368	-	5,451,413
Less accumulated depreciation for:				
Buildings	(14,692)	(727)	-	(15,419)
Vehicles	(31,026)	(4,785)	-	(35,811)
Equipment	(104,514)	(187)	-	(104,701)
Water distribution system	(861,671)	(24,066)	-	(885,737)
Sewerage treatment plant	(1,075,953)	(54,221)	-	(1,130,174)
	(2,087,856)	(83,986)	-	(2,171,842)
Total capital assets being depreciated, net	3,361,189	(81,618)	-	3,279,571
Business-type activities capital assets, net	$ 3,559,727	$ (69,618)	$ -	$ 3,490,109

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

Governmental activities:	
General Government	$ 3,656
Public Safety	96,117
Public Works	58,774
Culture and recreation	12,798
	$ 171,345

6. LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2021 is summarized as follows:

Governmental Activities	Outstanding 6-30-20	Additions	Reductions	Outstanding 6-30-21	Due In One Year
Capital Leases					
Equipment	$ 67,188	$ -	$ 11,052	$ 56,136	$ 11,543
Equipment	24,236	-	24,236	-	-
	91,424	-	35,288	56,136	11,543
Pension Liability	310,651	-	65,901	244,750	-
Total	$ 402,075	$ -	$ 101,189	$ 300,886	$ 11,543

Business-Type Activities	Outstanding 6-30-20	Additions	Reductions	Outstanding 6-30-21	Due In One Year
Revenue Bonds					
1990	$ 206,550	$ -	$ 12,830	$ 193,720	$ 13,770
2001A	608,450	-	17,764	590,686	18,580
2001B	61,012	-	1,815	59,197	1,899
	876,012	-	32,409	843,603	34,249
Pension Liability	59,303	-	12,172	47,131	-
Total	$ 935,315	$ -	$ 44,581	$ 890,734	$ 34,249

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, 2021 is $253,683, and there has been $104,843 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,	
2022	$ 13,884
2023	13,884
2024	13,884
2025	13,885
2026	6,944
Total minimum lease payments	62,481
Less amount representing interest	(6,345)
Present value of future minimum lease payments	$ 56,136

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
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	42,818	32,569	75,387
2027-2031	254,428	127,063	381,491
2032-2036	175,887	70,653	246,540
2037-2041	219,217	26,368	245,585
2042	2,027	6	2,033
	$ 843,603	$ 406,581	$ 1,250,184

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, 2021.

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, 2021 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, 2021 were 8.13% and $48,167 respectively. Actual contributions for the year equaled $55,759 or 115% of required contributions, and 9.41% of covered payroll.

Net Pension Liability: The Town's net pension liability was measured as of June 30, 2021, 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%	6.40%
International equity	20%	7.05%
Domestic fixed income	20%	1.15%
Real estate	10%	4.50%
Global fixed income	5%	1.25%
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, 2021 were as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances--Ending 9-30-19	$ 1,340,901	$ 970,947	$ 369,954
Changes for the Year:			
Service cost	23,079	-	23,079
Interest expense	97,384	-	97,384
Experience losses (gains)	(53,068)	57,616	(110,684)
Contributions--employer	-	-	-
Net investment income	-	91,959	(91,959)
Benefit payments	(87,046)	(87,046)	-
Plan administrative expenses	-	(4,107)	4,107
Other changes	-	-	-
Net Changes	(19,651)	58,422	(78,073)
Balances--Ending 9-30-20	$ 1,321,250	$ 1,029,369	$ 291,881

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%	$ 464,501
Current rate	7.375%	$ 291,881
1% increase	8.375%	$ 149,418

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, 2021, the Town recognized pension expense of $70,745. At June 30, 2021, 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	$ 24,694	$ -
Differences expected and actual earnings	26,946	(38,627)
Experience differences	45,429	(45,682)
	$ 97,069	$ (84,309)

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
2022	$ 39,060	$ (31,400)
2023	29,151	(17,738)
2024	18,920	(13,163)
2025	9,938	(13,163)
2026	-	(8,845)
	$ 97,069	$ (84,309)

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, 2021 the Town contributed to the Plan for the benefit of the 5 former employees participating. The contributions were paid into a segregated account for the benefit of the participants. All Plan funds were disbursed at the direction of the respective retirees. Retirees do not make contributions to the plan. This activity is accounted for in a Trust Fund.

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, 2021

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, 2021.

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, 2021 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, 2021 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, 2021, $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, 2021, the Town had tax revenues from this source of $929,172 and remitted or owed $850,229 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

During the year the General Fund advanced cash to open a bank account for the use of the American Rescue Plan Fund. $42 of that advance was unspent and owed back to the General Fund as of June 30, 2021. This will be repaid once sufficient cash has been received in the Fund from other sources.

Other transfers not to be repaid were made during the year. The Sewer Fund depends on the Water Fund to account for its receipts and disbursements. The net results were recorded as transfers. The Hotel Motel Tax Fund transferred out to the General Fund, the residual balance for administrative costs.

Interfund transfers during the year ended June 30, 2021 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

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, 2021. Under the law, the Town is required to pay dues thereto. During the year ended June 30, 2021, 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	$ 4,544	$ 191,468

The 1999 SPLOST activity was concluded in the year.

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

15. EXPENDITURES OVER APPROPRIATIONS

During the year the Town received and disbursed more in hotel motel taxes than was anticipated in the adopted budget. This overage totaled $50,029.

TOWN OF PINE MOUNTAIN, GEORGIA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		
	Original	**Final**	**Actual**
Revenues			
Taxes	$ 1,104,500	$ 1,206,989	$ 1,371,415
Charges for Services	132,850	132,850	3,909
Licenses and Permits	-	-	48,409
Fines and Forfeitures	185,000	195,000	236,262
Intergovernmental	-	74,176	129,162
Interest	-	-	4,974
Other	-	-	59,653
Total Revenues	1,422,350	1,609,015	1,853,784
Expenditures			
Current			
General government	257,613	287,613	260,369
Public safety	890,498	884,640	891,368
Public works	361,194	361,194	325,228
Culture and recreation	7,243	78,000	75,826
Debt service	-	25,858	25,858
Total Expenditures	1,516,548	1,637,305	1,578,649
Excess (deficiency) of Revenues Over (Under) Expenditures	(94,198)	(28,290)	275,135
Other Financing Sources (Uses)			
Transfers—In	-	-	79,000
Transfers—Out	-	-	(58)
Total Other Financing Sources (Uses)	-	-	78,942
Net Change in Fund Balances	(94,198)	(28,290)	354,077
Fund Balances (Deficit) at Beginning	1,803,427	1,803,427	1,803,427
Fund Balances at End of Year	1,709,229	1,775,137	2,157,504

TOWN OF PINE MOUNTAIN, GEORGIA
Budgetary Comparison Schedule
Hotel/Motel Tax Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		
	Original	**Final**	**Actual**
Revenues			
Taxes	$ 850,000	$ 850,000	$ 929,172
Interest	2,000	2,000	-
Total Revenues	852,000	852,000	929,172
Expenditures			
Current			
Housing and development	800,200	800,200	850,229
Total Expenditures	800,200	800,200	850,229
Excess (deficiency) of Revenues Over (Under) Expenditures	51,800	51,800	78,943
Other Financing Sources (Uses)			
Transfers—In	-	-	-
Transfers—Out	(51,800)	(51,800)	(79,000)
Total Other Financing Sources (Uses)	(51,800)	(51,800)	(79,000)
Net Change in Fund Balances	-	-	(57)
Fund Balances (Deficit) at Beginning	26,350	26,350	26,350
Fund Balances at End of Year	26,350	26,350	26,293

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

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	$ 23,079	$ 22,669	$ 14,940	$ 17,694	$ 18,538	$ 16,040	$ 17,027
Interest	97,384	92,661	87,248	86,647	81,614	80,032	78,574
Diff. expected and actual	(53,068)	27,385	51,156	(7,284)	40,263	(10,863)	(1,956)
Changes in assumptions	-	32,246	-	15,989	-	-	(12,189)
Benefit payments	(87,046)	(93,755)	(84,028)	(81,397)	(69,542)	(60,058)	(65,207)
Net change	(19,651)	81,206	69,316	31,649	70,873	25,151	16,249
Total liability beginning	1,340,901	1,259,695	1,190,379	1,158,730	1,087,857	1,062,706	1,046,457
Total liability ending	$ 1,321,250	$ 1,340,901	$ 1,259,695	$ 1,190,379	$ 1,158,730	$ 1,087,857	$ 1,062,706
Plan Fiduciary Net Position							
Contributions-Employer	$ 57,616	$ 51,253	$ 47,724	$ 43,755	$ 41,859	$ 43,377	$ 47,244
Net investment income	91,959	27,585	91,750	125,670	87,911	9,809	84,264
Benefit payments	(87,046)	(93,755)	(84,028)	(81,397)	(69,542)	(60,058)	(65,207)
Administrative expense	(4,107)	(3,955)	(4,280)	(4,592)	(2,421)	(2,642)	(2,156)
Net change	58,422	(18,872)	51,166	83,436	57,807	(9,514)	64,145
Fiduciary net position beginning	970,947	989,819	938,653	855,217	797,410	806,924	742,779
Fiduciary net position ending	$ 1,029,369	$ 970,947	$ 989,819	$ 938,653	$ 855,217	$ 797,410	$ 806,924
Net pension liability ending	$ 291,881	$ 369,954	$ 269,876	$ 251,726	$ 303,513	$ 290,447	$ 255,782
Plan fiduciary net position as a percentage of total pension liability	77.91%	72.41%	78.58%	78.85%	73.81%	73.30%	75.93%
Covered employee payroll	$ 592,441	$ 592,441	$ 548,040	$ 436,541	$ 490,649	$ 554,812	$ 503,922
Net pension liability as a percentage of covered payroll	49.27%	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

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	*	55,759	49,751	47,048	42,657	41,593	43,971
Contributions in relation to the actuarially determined contribution	*	55,759	49,751	47,048	42,657	41,593	43,971
Contribution deficiency (excess)	*			-	-	-	-
Covered emplyee payroll	*	592,441	548,040	436,541	490,649	554,812	503,922
Contributions as a percentage of covered employee payroll	*	9.41%	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, 2021

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, 2021 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, 2022.

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, 2021

	Capital Projects			Special Revenue			Total
	County Grant	1999 SPLOST	2019 SPLOST	TIA	American Rescue	LMIG	Non Major
ASSETS							
Cash	$ 2,783	$ -	$ 187,380	$ 262,507	$ 42	$ 46,750	$ 499,462
Total Assets	2,783	-	187,380	262,507	42	46,750	499,462
LIABILITIES AND FUND BALANCES							
Liabilities							
Due to other funds	-	-	-	-	42	-	42
Total Liabilities	-	-	-	-	42	-	42
Fund Balances							
Restricted for transportation projects	-	-	-	262,507	-	46,750	309,257
Restricted for capital projects	2,783	-	187,380	-	-	-	190,163
Total fund balances	2,783	-	187,380	262,507	-	46,750	499,420
Total Liabilities and Fund Balances	$ 2,783	$ -	$ 187,380	$ 262,507	$ 42	$ 46,750	$ 499,462

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Non Major Governmental Funds
For the Year Ended June 30, 2021

	Capital Projects			Special Revenue			Total
	County Grant	1999 SPLOST	2019 SPLOST	TIA	American Rescue	LMIG	Non Major
Revenues							
Intergovernmental	$ 16,667	$ -	$ 144,022	$ 50,722	$ -	$ 29,491	$ 240,902
Total Revenues	16,667	-	144,022	50,722	-	29,491	240,902
Expenditures							
Current							
Public safety	-	-	-	-	-	-	-
Public works	-	-	2,368	17,141	58	20,254	39,821
Capital outlay	-	4,544	-	-	-	-	4,544
Debt Service	13,884	-	-	-	-	-	13,884
Total Expenditures	13,884	4,544	2,368	17,141	58	20,254	58,249
Excess (deficiency) of Revenues Over (Under) Expenditures	2,783	(4,544)	141,654	33,581	(58)	9,237	182,653
Other Financing Sources							
Transfers in	-	-	-	-	58	-	58
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	58	-	58
Net Change in Fund Balances	2,783	(4,544)	141,654	33,581	-	9,237	182,711
Fund Balances (Deficit) at Beginning	-	4,544	45,726	228,926	-	37,513	316,709
Fund Balances at End of Year	$ 2,783	$ -	$ 187,380	$ 262,507	$ -	$ 46,750	$ 499,420

Kim Kimmel
Certified Public Accountant
PO 39
Richland, Georgia 31825

Member:
American Institute of CPAs
Georgia Society of CPAs
Government Audit Quality Center

229-887-2543
229-887-3402 fax
crazycpa@bellsouth.net

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, 2021, 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 14, 2021

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. 2021-1

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 21-2.

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 14, 2021

TOWN OF PINE MOUNTAIN, GEORGIA
Schedule of Findings and Responses
June 30, 2021

Material Weaknesses

2021-1 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.

21-2 Budget Monitoring

Condition: The Town's expenditures exceeded appropriations during the year in the Hotel/Motel Tax Fund. This condition was not detected by management.

Criteria: The legally adopted budget is a publicly communicated spending plan for the Town, as well as a legal restraint on spending. Changes in the spending plan should only be made through a legally adopted budget amendment.

Effect: Failure to properly monitor spending compared to budget could allow violation of state law as well as unauthorized expenditures.

Response: The Town agrees with the finding and will re-emphasize periodic comparisons between budget and actual expenditures throughout the year.