City of Poulan, Georgia

Financial Statements and Supplemental Information

FOR THE YEAR ENDED
DECEMBER 31, 2019
(*With Independent Auditor's Report Thereon*)

CITY OF POULAN, GEORGIA
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

PAGE

SECTION A

INDEPENDENT AUDITOR'S REPORT……1-3

BASIC FINANCIAL STATEMENTS:

Exhibit A-1 Statement of Net Position – Government-Wide…….……5

Exhibit A-2 Statement of Activities – Government-Wide……..……6-7

Exhibit A-3 Balance Sheet – Governmental Funds……8

Exhibit A-4 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position……9

Exhibit A-5 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds…….……10

Exhibit A-6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities……11

Exhibit A-7 Statement of Net Position – Proprietary Fund……...12

Exhibit A-8 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund……..13

Exhibit A-9 Statement of Cash Flows – Proprietary Fund…….14

Notes to Financial Statements ……...15-30

SECTION B

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

Exhibit B-1 Schedule of Revenue, Expenditures, and Changes in Fund Balance Budget and Actual…….....32

Notes to Required Supplementary Information……..…..……..33-34

CITY OF POULAN, GEORGIA
TABLE OF CONTENTS – CONTINUED

PAGE

SECTION C

NONMAJOR GOVERNMENTAL FUNDS

Exhibit C-1 Combining Balance Sheet ……..……...…….37

Exhibit C-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance…..……... 38

SECTION D

GENERAL FUND

Exhibit D-1 Balance Sheet ……40

Exhibit D-2 Statement of Revenues, Expenditures, and Changes in Fund Balance…...……..41

SECTION E

NONMAJOR FUNDS

Exhibit E-1 Nonmajor Special Revenue Fund Balance Sheet….……...43

Exhibit E-2 Nonmajor Special Revenue Fund Statement of Revenues, Expenditures, and Changes in Fund Balance….…….……...44

Exhibit E-3 Nonmajor Capital Projects Fund Balance Sheet…..……...45

Exhibit E-4 Nonmajor Capital Projects Fund Statement of Revenues, Expenditures, and Changes in Fund Balance…..…….……...46

Exhibit E-5 Nonmajor Capital Projects Fund Balance Sheet…..……...47

Exhibit E-6 Nonmajor Capital Projects Fund Statement of Revenues, Expenditures, and Changes in Fund Balance…..…….……...48

CITY OF POULAN, GEORGIA
TABLE OF CONTENTS - CONTINUED

PAGE

SECTION F

CAPITAL PROJECTS FUND

Exhibit F-1 Balance Sheet ……50

Exhibit F-2 Statement of Revenues, Expenditures, and Changes in Fund Balance…...……..51

SECTION G

ENTERPRISE FUND

Exhibit G-1 Statement of Net Position..……..……... 53

Exhibit G-2 Statement of Revenues, Expenses, and Changes in Fund Net Position…….……..54

Exhibit G-3 Statement of Cash Flows..……..…….....55

SECTION H

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 ……..……..…57-58

Schedule of Findings and Responses…….…….…...59

SECTION I

STATE REPORTING REQUIREMENT

Schedule of Projects Constructed with Special Sales Tax Proceeds ……..……..61-62

Community Development Block Grant Program Project Cost Schedule..…….63

Community Development Block Grant Program Source and Application of Funds Schedule…….64

Hudson & NeSmith, CPAs

Ronald D. Hudson, CPA, CFP®

John A. NeSmith, Jr., CPA

Member
American Institute of Certified Public Accountants
Georgia Society of Certified Public Accountants
Private Companies Practice Section

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
Poulan, Georgia

Report on the Financial Statements

We 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 City of Poulan, Georgia, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poulan, Georgia, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on pages 32 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Poulan's basic financial statements. The combining and individual major and nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of Special Purpose Local Option Sales Tax Proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the financial statements. The accompanying schedule of expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-269.5, and is not a required part of the financial statements. The accompanying Project Cost Schedule and Source and Application of Funds Schedule are also presented for additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020 on our consideration of the City of Poulan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Poulan's internal control over financial reporting and compliance.

Hudson & NeSmith, CPAs

Hudson & NeSmith, CPAs
Sylvester, Georgia
March 17, 2020

CITY OF POULAN, GEORGIA
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION A

BASIC FINANCIAL STATEMENTS

CITY OF POULAN, GEORGIA
STATEMENT OF NET POSITION
GOVERNMENT-WIDE
DECEMBER 31, 2019

Exhibit A-1

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash	$ 622,437	$ 233,418	$ 855,855
Restricted Cash for Debt Service	-	17,501	17,501
Restricted Cash for Capital Grant Project	-	17,077	17,077
Taxes Receivable	6,988	-	6,988
Accounts Receivable	14,248	19,200	33,448
Due from Other Governments	5,685	-	5,685
Prepaids	15,633	-	15,633
Inventory	2,776	-	2,776
Interfund	30,689	(30,689)	-
Total Current Assets	698,456	256,507	954,963
Long-Term Assets:			
Restricted Cash for Debt Service	-	24,440	24,440
Land and Construction in Progress	45,000	-	45,000
Other Capital Assets, Net of Accumulated Depreciation	570,704	1,644,102	2,214,806
Total Long-Term Assets	615,704	1,668,542	2,284,246
Total Assets	1,314,160	1,925,049	3,239,209
Liabilities			
Current Liabilities:			
Accounts Payable	19,028	-	19,028
Employee Withholdings Payable	958	-	958
Current Portion of Long-Term Liabilities:			
Notes Payable	-	17,501	17,501
Total Current Liabilities	19,986	17,501	37,487
Long-Term Liabilities:			
Notes Payable	-	281,997	281,997
Total Long-Term Liabilities	-	281,997	281,997
Total Liabilities	19,986	299,498	319,484
Net Position			
Net Investment in Capital Assets	615,704	1,344,604	1,960,308
Restricted for Capital Projects	170,822	17,077	187,899
Restricted for Drug Seizure Funds	8,061	-	8,061
Restricted for USDA Grant Funds	567	-	567
Restricted for Cemetery Plots	3,275	-	3,275
Restricted for Debt Service	-	41,941	41,941
Unrestricted	495,745	221,929	717,674
Total Net Position	$ 1,294,174	$ 1,625,551	$ 2,919,725

See accompanying notes to the financial statements.

CITY OF POULAN, GEORGIA
STATEMENT OF ACTIVITIES
GOVERNMENT-WIDE
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit A-2

		Program Revenues		
	Expenses	**Fees, Fines and Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Activities:				
Governmental:				
General Government	$ 144,694	$ 4,246	$ -	$ -
Public Safety	435,964	331,623	-	-
Public Works	277,679	94,995	105,073	71,822
Culture and Recreation	23,304	18,193	-	-
Interest on Long-Term Debt	698	-	-	-
Total Governmental Activities	882,339	449,057	105,073	71,822
Business-type:				
Water	121,287	125,830	-	63,159
Total Business-Type Activities	$ 121,287	$ 125,830	$ -	$ 63,159
General Revenues:				
Taxes:				
Property Taxes, levied for general purposes				
Automobile and Mobile Home Tax				
Insurance Premium Tax				
Beer Tax				
Local Option Sales Tax				
Business Occupational Tax				
Franchise Tax				
Other General Revenues				
Investment Earnings				
Miscellaneous				
Transfers - Internal Activities				
Total General Revenues and Transfers				
Changes in Net Position				
Net Position - Beginning				
Net Position - Ending				

See accompanying notes to financial statements.

CITY OF POULAN, GEORGIA
STATEMENT OF ACTIVITIES (CONTINUED)
GOVERNMENT-WIDE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	**Business-Type Activities**	**Total**
	$ (140,448)	$ -	$ (140,448)
	(104,341)	-	(104,341)
	(5,789)	-	(5,789)
	(5,111)	-	(5,111)
	(698)	-	(698)
	(256,387)	-	(256,387)
	-	67,702	67,702
	-	67,702	67,702
	45,527	-	45,527
	14,271	-	14,271
	66,343	-	66,343
	5,252	-	5,252
	70,154	-	70,154
	400	-	400
	32,773	-	32,773
	2,010	-	2,010
	31,311	-	31,311
	-	-	-
	268,041	-	268,041
	11,654	67,702	79,356
	1,282,520	1,557,849	2,840,369
	$ 1,294,174	$ 1,625,551	$ 2,919,725

See accompanying notes to financial statements.

CITY OF POULAN, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

Exhibit A-3

	General Fund	Special Purpose Local Option Sales Tax Fund	Other Nonmajor Governmental	Total Governmental Funds
Assets				
Cash	$ 451,615	$ 88,227	$ 82,595	$ 622,437
Taxes Receivable	6,988	-	-	6,988
Accounts Receivable	14,248	-	-	14,248
Due from Other Governments	5,685	-	-	5,685
Interfund Receivable	30,689	-	-	30,689
Prepaids	15,633	-	-	15,633
Inventory - Gasoline	2,776	-	-	2,776
Total Assets	$ 527,634	$ 88,227	$ 82,595	$ 698,456
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts Payable	$ 19,028	$ -	$ -	$ 19,028
Interfund Payable	-	-	-	-
Employee Withholdings Payable	958	-	-	958
Total Liabilities	19,986	-	-	19,986
Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	18,409	-	-	18,409
Restricted: Special Revenue Projects	-	-	-	-
Restricted: Capital Projects	-	88,227	82,595	170,822
Restricted: Drug Seizure Funds	8,061	-	-	8,061
Restricted: USDA Grant Funds	567	-	-	567
Restricted: Cemetery Plots	3,275	-	-	3,275
Unassigned	477,336	-	-	477,336
Total Fund Balances	507,648	88,227	82,595	678,470
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 527,634	$ 88,227	$ 82,595	$ 698,456

See accompanying notes to financial statements.

CITY OF POULAN, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Exhibit A-4

Total Fund Balances for Governmental Funds			$ 678,470
Total net position reported for governmental activities in the statement of net position is different because: Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:			
Land	$ 45,000		
Other capital assets, net of $1,393,564 of accumulated depreciation	570,704		
Total capital assets			615,704
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term are reported in the statement of net postion. Balances at December 31, 2019 are:			
Notes Payable	-		
Total long-term liabilities			-
Total Net Position of Governmental Activities			$ 1,294,174

See accompanying notes to financial statements.

CITY OF POULAN, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit A-5

	General Fund	Special Purpose Local Option Sales Tax Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 234,720	$ -	$ -	$ 234,720
Licenses & Permits	4,246	-	-	4,246
Fines & Forfeitures	331,623	-	-	331,623
Charges for Services	113,188	-	-	113,188
Intergovernmental	105,073	52,003	19,749	176,825
Interest	2,010	69	1	2,080
Miscellaneous	31,311	-	-	31,311
Total Revenues	822,171	52,072	19,750	893,993
Expenditures:				
Current:				
General Government	141,164	-	-	141,164
Public Safety	407,057	-	-	407,057
Public Works	249,779	-	-	249,779
Culture and Recreation	22,613	-	-	22,613
Capital Outlay:				
Capital Expenditures	-	43,583	-	43,583
Debt Service:				
Principal	11,105	-	-	11,105
Interest	698	-	-	698
Total Expenditures	832,416	43,583	-	875,999
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,245)	8,489	19,750	17,994
Other Financing Sources (Uses):				
Debt Proceeds	-	-	-	-
Transfers In (Out)	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-
Net Changes in Fund Balances	(10,245)	8,489	19,750	17,994
Fund Balances - Beginning	$ 517,893	$ 79,738	$ 62,845	$ 660,476
Fund Balances - Ending	$ 507,648	$ 88,227	$ 82,595	$ 678,470

See accompanying notes to financial statements.

CITY OF POULAN, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit A-6

Net Changes in Fund Balances - Total Govermental Funds		$	17,994
The changes in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of of capital assets recorded in the current period.			46,555
Depreciation expense on capital assets is reported in the statement of activities, but it does not require the use of current financial resources. Therefore, this amount of depreciation expense is not reported as an expenditure in the governmental funds.			(64,000)
The issuance of long-term debt provides current financial resources to governmental funds, but increases liabilities in the statement of net position. Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net posision.			
Long-term debt proceeds	-		
Long-term debt payments	11,105		11,105
Change in Net Position of Governmental Activities		$	11,654

See accompanying notes to financial statements.

CITY OF POULAN, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2019

Exhibit A-7

		Water Fund
Assets		
Current Assets:		
Cash	$	233,418
Restricted Cash for Debt Service		17,501
Restricted Cash for Capital Grant Project		17,077
Accounts Receivable		19,200
Due from Other Governments		-
Total Current Assets		287,196
Long-Term Assets:		
Restricted Cash for Debt Service		24,440
Capital Assets, Net of Accumulated Depreciation		1,644,102
Total Long-Term Assets		1,668,542
Total Assets	$	1,955,738
Liabilities		
Current Liabilities:		
Accounts Payable	$	-
Interfund Payable		30,689
Payroll Taxes Payable		-
Payable from Restricted Assets:		
Current Portion of Long-Term Debt		17,501
Total Current Liabilities		48,190
Long-Term Liabilities:		
Long-Term Debt		281,997
Total Long-Term Liabilities		281,997
Total Liabilities		330,187
Net Position		
Net Investment in Capital Assets		1,344,604
Restricted for Capital Grant Project		17,077
Restricted for Debt Service		41,941
Unrestricted		221,929
Total Net Position	$	1,625,551

See accompanying notes to financial statements.

CITY OF POULAN, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit A-8

	Water Fund
Operating Revenues:	
Water Sales	$ 83,783
Other Fees	26,391
Other Income	15,656
Total Operating Revenues	125,830
Operating Expenses:	
Personal Services and Employee Benefits	20,673
Purchased/Contracted Services	34,053
Supplies	9,899
Depreciation and Amortization	52,284
Total Operating Expenses	116,909
Operating Income (Loss)	8,921
Non Operating Revenues (Expenses)	
Principal Forgiveness on Long-Term Debt	46,083
Interest Expense	(4,378)
Total Non Operating Revenues (Expenses)	41,705
Income (Loss) Before Contributions and Transfers	50,626
CDBG Capital Grant	17,076
Change in Net Position	67,702
Total Net Position - Beginning	$ 1,557,849
Total Net Position - Ending	$ 1,625,551

See accompanying notes to financial statements.

CITY OF POULAN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit A-9

	Water Fund
Cash Flows from (Used for) Operating Activities	
Cash Received from Customers	$ 126,299
Cash Paid for Goods and Services	(43,965)
Cash Paid to Other Funds	(1,066)
Cash Paid to Employees	(20,673)
Net Cash Flows Provided from Operating Activities	60,595
Cash Flows From (Used for) Non-capital Financing Activities	
None	-
Net Cash Provided from Non-capital Financing Activities	-
Cash Flows from (Used for) Capital and Related Financing Activities	
Proceeds from Capital Grants	17,076
Proceeds from Long-Term Debt	245,817
Interest Expense	(4,378)
Principle Payment on Long-Term Debt	(11,683)
Acquisition of Capital Assets	(245,816)
Net Cash Flows Provided from Capital and Related Financing Activities	1,016
Cash Flows from (Used for) Investing Activities	
None	-
Net Cash Flows from Investing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	61,611
Cash and Cash Equivalents - Beginning of Year	230,825
Cash and Cash Equivalents - End of Year	$ 292,436
Classified as:	
Cash	$ 233,418
Restricted Cash	59,018
	$ 292,436
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities	
Operating Income (Loss)	8,921
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation Expense	52,284
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	469
Increase (Decrease) in Accounts Payable	(13)
Increase (Decrease) in Interfund Payable	(1,066)
Net Cash Provided (Used) by Operating Activities	$ 60,595
Noncash Financing Activities:	
Principal Forgiveness on Capital Debt	$ 46,083

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Poulan (the City) is a political subdivision of the State of Georgia. The City operates under a mayor and council form of government and provides the following services as authorized by state law: general administration, public safety, streets and roads, culture and recreation, and water and garbage services. These financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. There are no component units operating under other boards, which should be included in the Basic Financial Statements.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental and financial reporting. The City does not follow subsequent private-sector guidance for enterprise funds.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanations, including required disclosures, of the Government's financial activities for the year ended December 31, 2019.

A. REPORTING ENTITY

For financial reporting purposes, in accordance with the criteria in GASB Standards, the City includes all funds, agencies, boards, commissions, and authorities that are within its primary government. A component unit is a legally separate organization for which elected officials of a primary government are financially accountable. There are three sets of criteria that the City evaluates to determine whether a potential component unit will be included in the reporting entity of the City of Poulan. They are (1) financial accountability; (2) financial accountability as a result of fiscal dependency; and, (3) misleading to exclude the component unit.

The reporting entity of the City of Poulan includes only the funds of the City that comprises the primary government. There are no potential component units.

In conclusion, the City of Poulan did not combine any component units to form the reporting entity. The reporting entity is comprised of the following major funds, all under the direct control of the Mayor and City Council:

- General Fund – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- Special Purpose Local Option Sales Tax Fund – This fund accounts for the City's proceeds from special purpose local option sales tax used for the acquisition and construction of approved capital projects.

The City reports the following major enterprise funds:

- Water System – This fund accounts for the operation and maintenance of the water system and services.

RELATED ORGANIZATIONS

A related organization is defined as an organization that is financially accountable to the City because, either the City imposes its will on the organization or has a financial benefit or burden relationship with the organization. As of December 31, 2019, the City had no related organizations.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position will include non-current assets which were previously reported in the General Fixed Assets Account Group and non-current liabilities previously reported in the General Long-Term Debt Account Group. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

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

The 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 with 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 considered program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, sales taxes, franchise taxes, charges for services, fines, forfeitures and interest income. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The proprietary fund financial statements are reported using the economic resource measurement focus and the accrual basis of accounting.

The format of the fund financial statements has been modified by GASB Statement No. 34 and subsequently amended by GASB Statement No. 63. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the City's financial activity.

D. CASH AND INVESTMENTS

Investments are recorded at cost plus accrued interest, which approximates market value.

For the purposes of the statement of cash flows, cash and cash equivalents include all short-term highly liquid investments with original maturities of three months or less. Instruments considered to be cash equivalents include: Treasury bills, certificates of deposit, money market funds, and cash management pools.

E. CAPITAL ASSETS

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Capitalization thresholds are based on the estimated length of useful life of the asset as well as the purchase cost of the asset. Currently management reviews capitalization of assets on a case-by-case basis. General infrastructure assets, such as roads and bridges, are reported. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Construction period interest is capitalized with the cost of the asset.

Capital assets utilized in Proprietary Fund activities are accounted for in the appropriate fund. Depreciation of all exhaustible capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on the Proprietary Fund balance sheet.

Depreciation has been provided over the estimated useful lives using the straight-line method. As a Phase 3 government, the City can elect to capitalize infrastructure from the date of inception forward. The City has elected to do so and as such, has not reported infrastructure assets acquired prior to implementation of GASB Statement 34.

The estimated useful lives are as follows:

Asset Class	Estimated Useful Lives
Infrastructure	40 years
Buildings	10-30 years
Building Improvements	10-30 years
Equipment and Vehicles	5-10 years

F. BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles. Annual appropriated budgets are adopted for the general fund. A budget is prepared for the enterprise fund as a management control device only. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

Public hearings are conducted to obtain taxpayer comments. The budgets are legally adopted through passage of an ordinance. All appropriations lapse at year's end. Budgets were adopted for the major Governmental Funds. For further information on the City's budget, see the Required Supplementary Information (RSI) Section.

G. ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods and 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 not utilized in the Governmental Fund types. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

There were no material purchase orders, contracts, or other commitments at year-end, which should have been encumbered.

H. CAPITALIZATION OF INTEREST COST

The City follows the policy of recognizing interest as an expenditure in Governmental Funds and an expense in Proprietary Funds.

I. COMPENSATED ABSENCE

Accumulated sick pay benefits have not been recorded as a liability because these benefits are paid only upon the illness of an employee, and the amount of such payments cannot be reasonably estimated. They are not paid upon termination of employment.

Cost of vacation pay is not recorded until such benefits are paid. GASB Standards require that vacation pay be accrued when:

- The employer's obligation to employees' right to receive compensation for future benefits is attributable to employees' service already rendered.
- The obligation related to rights that vest or accumulate.
- Payment of the compensation is probable
- The amount can be reasonably estimated.

J. RECEIVABLES AND PAYABLES

Outstanding balances resulting in transactions between funds are reported as "interfund."

Receivables are stated net of an allowance for uncollectible accounts. Accounts receivable in excess of 60 days comprise the allowance for uncollectibles. Delinquent taxes receivable are offset by the deferral of the related revenues until payment is received except amounts received within 60 days of the balance sheet date.

Property taxes are administered on a calendar year basis subject to the following dates:

Lien Date	January 1
Levy Date	July 1
Collection Period	July 1 – November 20
Due Date	November 20
Delinquent Date	November 21

K. INVENTORIES

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

L. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations of the City of Poulan, numerous transactions have occurred between individual funds for goods provided or services rendered. These receivables and payables are classified as "interfund" on the balance sheet.

M. ADVANCES TO OTHER FUNDS

It is the policy of the City of Poulan that noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a Fund Balance Committed Account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

N. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items.

O. LONG-TERM OBLIGATIONS

Long-term obligations are reported on the government-wide financial statements. All long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements. Loans and capital leases are recognized as a liability on the fund financial statements when due.

P. COMPARATIVE DATA

Comparative total data for the prior year has not been presented in the accompanying financial statements.

Q. STATEMENT OF CASH FLOWS

The City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

R. FUND EQUITY

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

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

- Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

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

- Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

- Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City does not have a formal process in place to assign fund balances.

- Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

R. FUND EQUITY (Cont.)

Net Position – Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) and adjusted for any deferred outflows or deferred inflows of resources used for the acquisition, construction or improvement of those assets. Components of net position are reported as restricted as described in the fund balance section above. All other assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

S. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund increase expenditures/expenses in the reimbursing fund and are accounted for as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

T. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

Prior to January 1 of each year, the City Clerk asks department heads for requests for appropriations to the City's mayor so that a budget may be prepared. The budget is prepared by fund, function and activity and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before January 1, the proposed budget is presented to the City's council for review. The City's council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Government's mayor or the revenue estimates must be changed by an affirmative vote of majority of the Government's council.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level within departments.

NOTE 2 - LEGAL COMPLIANCE – BUDGETS (Cont.)

Formal budgetary integration is employed as a management control device during the year for the General and Proprietary Funds. Budgets for the General Fund are adopted on the modified accrual basis (GAAP). Budgets for the Proprietary Funds are adopted on the accrual basis (GAAP).

Budgeted amounts are as originally adopted, or as amended, by the Council. Appropriations lapse at year's end.

There were no material supplementary appropriations made during the year.

The actual results of operations are presented in the Required Supplementary Information section in order to provide a meaningful comparison of actual results with the budget.

NOTE 3 - DEPOSITS AND INVESTMENTS

Georgia law authorizes local governments to invest in the following types of obligations:

1. Obligations of the State of Georgia or of any other states;
2. Obligations issued by the United States;
3. Obligations fully insured or guaranteed by the United States government or governmental agency;
4. Obligations of any corporation of the United States government;
5. Prime banker's acceptances;
6. Office of the State Treasurer's local government investment pool;
7. Repurchase agreements; and
8. Obligations of other political subdivisions of the State of Georgia.

Any bank deposit in excess of the total FDIC insured amount must be secured by 110% of an equivalent amount of state or U.S. obligations.

It is the investment policy of the City of Poulan, Georgia to invest all of its cash into checking accounts, certificates of deposits, and the Georgia Department of Administrative Service's Local Government Investment Pool (L.G.I.P. comprised of Georgia Fund 1 and the Georgia Extended Asset Pool). These accounts are reported at cost which equals market value. The City follows OCGA 36-83-4 for its investing objectives.

The L.G.I.P., created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAf rated money market funds. However, it operates in a manner consistent with rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The Office of the State Treasurer is the oversight agency for the pool. The pool's primary objectives are safety of capital, investment income, liquidity, and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Investments in the pool are reported as cash on the financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS (cont.)

At year end, the carrying amount of the City's deposits and cash on hand was $914,873. The breakdown between the balances of bank deposits and investments for the City is as follows:

Bank Deposits (checking accounts, saving accounts, and certificates of deposits) and Cash on Hand	$ 851,210
Local Government Investment Pool (Georgia Fund 1)	63,663
Total	$ 914,873

Credit Risk:
The City limits the credit risk of the primary government by investing its cash with the Georgia Department of Administrative Services Local Government Investment Pool, an AAAf rated investment pool by Standard and Poors, and bank deposits which are covered by Federal Depository Insurance. The Office of the State Treasurer is the oversight agency for the pool. The City does not have a formal policy addressing credit risk.

Interest Rate Risk:
The investments of the City are invested in highly liquid investments to limit the risk of interest rate fluctuations. All bank certificates of deposit have varying maturity dates of one year or less. The local government investment pool's assets have a weighted average maturity of 39 days.

Custodial Credit Risk:
Custodial credit risk is the risk that in the event of a bank failure, the City's deposits (in excess of FDIC insurance) may not be returned to the City. As of December 31, 2019, all of the City's deposits were covered either by FDIC coverage or collateralized with securities held by the City's agent in the City's name.

The City does not have a formal deposit policy for custodial credit risk.

NOTE 4- RESTRICTED ASSETS

The City's Water Fund restricted cash consists of cash used for payment of its long-term debt.

NOTE 5 - INTERFUND RECEIVABLES / PAYABLES

Fund	Receivable	Payable
General Fund	$ 30,689	$ -
Enterprise Funds:		
Water Fund	-	30,689
	$ 30,689	$ 30,689

The above interfund balances were created from the General Fund paying invoices on behalf of the Water Fund. The above balances are to be paid within one year.

NOTE 6 – LONG-TERM OBLIGATIONS

Governmental Activities: Notes Payable	1/1/2019	Increases	Decreases	12/31/2019	Amounts Due Within One Year
1. Branch Banking & Trust Governmental Finance. Police Vehicle for Police Department. Due in monthly installments of of $602.61 through August 2020 at 3.69% Original Amount of $32,970.92	11,105	-	11,105	-	-
Total Notes Payable Governmental Funds	$ 11,105	$ -	$ 11,105	$ -	$ -
Business-Type Activities: Notes Payable					
1. Georgia Environmental Facilities Authority for water improvements Due in monthly installments of $1,239 through June 2027 at 3.0% Original Amount of $240,337	111,447	-	11,683	99,764	12,043
2. Georgia Environmental Facilities Authority for water system improvements Due in projected monthly installments of $941 through April 2040 at 1.25% Amounts drawn as of 12/31/19 $245,817	-	245,817	46,083	199,734	5,458
Total Notes Payable Business-Type Activities	$ 111,447	$ 245,817	$ 57,766	$ 299,498	$ 17,501

The City obtained financing for water system improvements from the Georgia Environmental Facilities Authority (GEFA) under a construction financing loan. At December 31, 2011, the total outstanding of this loan was $231,385. The City obtained an additional $8,952 in financing through this loan during 2012. $60,888 of the loan was forgiven during 2012 through a principal-forgiveness grant offered through the GEFA loan. The remaining portion of the loan was converted to a fixed rate loan at 3.0% interest rate amortized over 180 months.

The City obtained financing for water system improvements from the Georgia Environmental Facilities Authority (GEFA) under a construction financing loan dated September 25, 2018 and subsequently modified on August 20, 2019 for amounts up to $349,800 related to new water meters and improvements to one of the City's water wells. The City is currently in its construction period as of December 31, 2019; therefore, funds were drawn during 2019 with the project expected to be completed in 2020. Interest only payments were made during 2019 along with a debt forgiveness portion of the loan of $46,083. The interest rate associated with this loan is 1.25% and is amortized over 20 years once the amortization commencement date starts.

NOTE 6 – LONG-TERM OBLIGATIONS (cont.)

The annual requirements to amortize the note payable obligations, as of December 31, 2019, are as follows:

	Business-Type Activities		
Year Ended December 31,	Principal Amount	Interest Amount	Total Amount
2020	17,501	3,957	21,458
2021	22,119	4,044	26,163
2022	21,823	4,340	26,163
2023	22,326	3,837	26,163
2024	22,842	3,321	26,163
2025-2029	83,878	9,760	93,638
2030-2034	51,204	5,256	56,460
2035-2040	54,504	1,956	56,460
2041-2045	3,301	463	3,764
	$ 299,498	$ 36,934	$ 336,432

NOTE 7 – ACCOUNTS RECEIVABLE

Accounts receivable in the General Fund includes accounts receivable for refuse collection of $14,248.

NOTE 8 – SUBSEQUENT EVENTS

The City Attorney represented that to the best of his knowledge there was no pending or threatened litigation against the City of Poulan and there were no unasserted claims or assessments.

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 17, 2020, the date the financial statements were available to be issued.

NOTE 9 - PROPERTY TAX REVENUE

Property tax bills were issued on August 20, and became past due on November 21th. Property taxes attach as an enforceable lien on property as of November 21th. The City of Poulan contracts with the County to bill and collect its property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables, i.e., are available. The property tax receivable on December 31, 2019 was $6,988.

NOTE 10 – CHANGES IN CAPITAL ASSETS

Summary of Capital Assets

The following is a summary of changes in Capital Assets follows:

	1/1/2019	Increases	Decreases	12/31/2019
Governmental Activities:				
Capital Assets not being depreciated:				
Land	$ 45,000	$ -	$ -	$ 45,000
Construction in Progress	-	-	-	-
Total Capital Assets not being depreciated	$ 45,000	$ -	$ -	$ 45,000
Capital Assets being depreciated:				
Building and Improvements	444,452	-	-	444,452
Equipment, Furniture, and Vehicles	1,286,725	46,555	-	1,333,280
Infrastructure	186,536	-	-	186,536
Total Capital Assets being depreciated	$ 1,917,713	$ 46,555	$ -	$ 1,964,268
Less accumulated depreciation				
Building and Improvements	137,432	13,670	-	151,102
Equipment, Furniture, and Vehicles	1,176,077	45,588	-	1,221,665
Infrastructure	16,055	4,742	-	20,797
	1,329,564	64,000	-	1,393,564
Total Capital Assets being depreciated, Net	588,149	(17,445)	-	570,704
Capital Assets, Net	$ 633,149	$ (17,445)	$ -	$ 615,704

NOTE 10 – CHANGES IN CAPITAL ASSETS (Cont.)

	1/1/2019	Increases	Decreases	12/31/2019
Business-type Activities:				
Capital Assets not being depreciated:				
Land	$ -	$ -	$ -	-
Construction in Progress	465,790	-	465,790	-
Capital Assets being depreciated:				
Infrastructure	1,567,635	711,606	-	2,279,241
Building and Improvements	3,241	-	-	3,241
Equipment, Furniture, and Vehicles	29,974	-	-	29,974
Total Capital Assets being depreciated	$ 1,600,850	$ 711,606	$ -	$ 2,312,456
Less accumulated depreciation				
Infrastructure	584,060	52,201	-	636,261
Building and Improvements	2,036	83	-	2,119
Equipment, Furniture, and Vehicles	29,974	-		29,974
	616,070	52,284	-	668,354
Total Capital Assets being depreciated, Net	984,780	659,322	-	1,644,102
Capital Assets, Net	$ 984,780	$ 659,322	$ -	$ 1,644,102

Depreciation expense was charged to functions as follows:

General Government	$ 3,530
Public Safety	28,907
Culture & Recreation	691
Streets & Roads	30,872
	64,000

NOTE 11 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state and federal governments. 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 City Council advised us that no legal actions were in progress by or against the Government at December 31, 2019 that would have any material effect on the Government's financial condition.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss for claims associated with torts, thefts of, damage to, and destruction of assets, errors and omissions, and natural disasters.

Risk Pool – The City has elected to be a member of the Georgia Interlocal Risk Management Agency (GIRMA), a risk management agency created under Georgia law. The agency established and administers one or more group self-insurance funds and a risk management service to prevent or lessen incidence and severity of casualty and property losses occurring in the operation of the government. The agency is to defend and protect in accordance with the member government contracts and related coverage descriptions any member of the agency against liability or loss.

The City must participate at all times in at least one fund which is established by the agency. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due the agency at such times and in such amounts as shall be established by the agency.
- To select a person to serve as a member representative.
- To allow the agency and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of the agency.
- To allow attorneys appointed by the agency to represent the City in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund established by the agency.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to the agency's attorneys, claims adjusters, service company, and any agent, employee, officer or independent contractor of the agency relating to the purposes of the agency.
- To follow all loss reduction and prevention procedures established by the agency.
- To furnish to the agency such budget, operating, and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the agency or any fund established by the agency being required to pay claim for loss or injuries to City property or injuries to persons or property when such loss or injury is within the scope of the protection of a fund or funds in which the City participates.

The City retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with the agency and the agency bills the City for any loss up to the $1,000 deductible.

NOTE 12 - RISK MANAGEMENT (cont.)

There were no significant reductions in insurance coverage from coverage in the prior year. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Pursuant to provisions of Georgia law, the City became a member of the GMA-GSIWCF (a Worker's Compensation Self-Insurance Fund). The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by the applicable state laws against the employer for workers' compensation and/or employers' liability.

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

The fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview 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 of compensation therefore, 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 proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

NOTE 13 - JOINT VENTURE

The Government, in conjunction with cities and counties in the Southwest Georgia area is a member of the Southwest Georgia Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The Government paid annual dues in the amount of $0 to the RC for the year ended December 31, 2019. The RC Board membership includes the chief elected official of each county. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources.

The Southwest Georgia Regional Commission (RC) is not considered to be a component unit of the City of Poulan. There are no financial reporting obligations between the City of Poulan and the RC. Separate financial statements may be obtained from:

Southwest Georgia Regional Commission
30 West Broad Street
P.O. Box 346
Camilla, Georgia 31730

NOTE 14 – RESTRICTED AND NONSPENDABLE FUND EQUITY

The following fund balances are restricted for:

General Fund:		
Cemetery Plots Funds - used to account for funds for cemetery burial plots and upkeep of the City's cemetery	$	3,275
Drug Seizure Funds - used to account for assets seized during drug criminal cases that are used to fund public safety expeditures	$	8,061
USDA Grant Funds - used to account for previously issued grant funds that are to be used for specific projects as outlined in the grant agreement	$	567
Capital Projects Fund:		
Special Purpose Local Option Sales Tax Fund (SPLOST)		
Used to account for City-owned projects financed with SPLOST	$	88,227
Local Maintenance Improvement Grant Fund (LMIG)		
Used to account for LMIG funds used for City road projects and improvements	$	62,845
Transportation Special Purpose Local Option Sales Tax Fund (TSPLOST)		
Used to account for City-owned transportation projects financed with TSPLOST	$	19,750

The following fund balances are nonspendable because they are allocated to:

General Fund:		
Inventories	$	2,776
Prepaids	$	15,633

REQUIRED SUPPLEMENTARY INFORMATION

SECTION B

CITY OF POULAN, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit B-1

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	$ 227,100	$ 227,100	$ 234,720	$ 7,620
Licenses & Permits	800	800	4,246	3,446
Fines & Forfeitures	477,500	477,500	331,623	(145,877)
Charges for Services	87,000	87,000	113,188	26,188
Intergovernmental	6,000	50,000	105,073	55,073
Interest	100	100	2,010	1,910
Miscellaneous	7,500	7,500	31,311	23,811
Total Revenues	806,000	850,000	822,171	(27,829)
Expenditures:				
Current:				
General Government	127,336	142,000	141,164	(836)
Public Safety	419,145	419,145	418,860	(285)
Public Works	251,119	251,119	249,779	(1,340)
Culture and Recreation	8,400	37,736	22,613	(15,123)
Total Expenditures	806,000	850,000	832,416	(17,584)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(10,245)	(10,245)
Other Financing Sources (Uses):				
Debt Proceeds	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-
Net Changes in Fund Balances	-	-	(10,245)	(10,245)
Fund Balances - Beginning	$ -	$ -	$ 517,893	$ 517,893
Fund Balances - Ending	$ -	$ -	$ 507,648	$ 507,648

NOTES TO

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POULAN, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles. Annual appropriated budgets are adopted for the general fund and special revenue fund. A budget is prepared for the enterprise fund as a management control device only. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

Public hearings are conducted to obtain taxpayer comments. The budgets are legally adopted through passage of an ordinance. All appropriations lapse at year's end. Budgets were adopted for the Governmental Funds.

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

Prior to January 1 of each year, the City Clerk asks department heads for requests for appropriations to the Government's mayor so that a budget may be prepared. The budget is prepared by fund, function and activity and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before January 1, the proposed budget is presented to the Government's council for review. The Government's council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Government's mayor or the revenue estimates must be changed by an affirmative vote of majority of the Government's council.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level within departments.

Formal budgetary integration is employed as a management control device during the year for the General and Proprietary Funds. Budgets for the General Fund and Special Revenue Fund are adopted on the modified accrual basis (GAAP). Budgets for the Proprietary Funds are adopted on the accrual basis (GAAP).

Budgeted amounts are as originally adopted, or as amended, by the Council. Individual amendments were not material in relation to the original appropriations, which were amended. Appropriations lapse at year's end.

There were no material supplementary appropriations made during the year.

The actual results of operations on the budgetary basis are presented in the Schedules of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual (GAAP) General Fund in order to provide a meaningful comparison of actual results with the budget.

General Fund budgetary comparison schedules are presented at the legal level of control.

SUPPLEMENTARY INFORMATION

FINANCIAL STATEMENTS
OF
INDIVIDUAL FUNDS

CITY OF POULAN, GEORGIA
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION C

NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENTS

CITY OF POULAN, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit C-1

	Special Revenue Fund	Capital Projects Fund		
	COPS Grant	LMIG Grant	TSPLOST	Total Nonmajor Governmental Funds
Assets				
Cash	$ -	$ 62,845	$ 19,750	$ 82,595
Interfund Receivable	-	-	-	-
Total Assets	$ -	$ 62,845	$ 19,750	$ 82,595
Liabilities & Fund Balance				
Liabilities:				
Interfund Payable	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances:				
Fund Balance - Restricted	-	62,845	19,750	82,595
Total Liabilities & Fund Balance	$ -	$ 62,845	$ 19,750	$ 82,595

CITY OF POULAN, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit C-2

	Special Revenue	Capital Projects Fund		
	COPS Grant	LMIG Grant	TSPLOST	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental Revenues	$ -	$ -	$ 19,749	$ 19,749
Interest	-	-	1	1
Miscellaneous	-	-	-	-
Total Revenues	-	-	19,750	19,750
Expenditures:				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Capital Outlay:				
Public Works	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	19,750	19,750
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-
Net Changes in Fund Balances	-	-	19,750	19,750
Fund Balances - Beginning	$ -	$ 62,845	$ -	$ 62,845
Fund Balances - Ending	$ -	$ 62,845	$ 19,750	$ 82,595

CITY OF POULAN, GEORGIA
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION D

GENERAL FUND

General Fund – to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF POULAN, GEORGIA
GENERAL FUND
BALANCE SHEET
FOR THE ENDED DECEMBER 31, 2019

Exhibit D-1

		General Fund
Assets		
Cash	$	451,615
Taxes Receivable		6,988
Due from Other Governments		5,685
Accounts Receivable		14,248
Interfund Receivable		30,689
Prepaids		15,633
Inventory - Gasoline		2,776
Total Assets	$	527,634
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts Payable	$	19,028
Employee Withholdings Payable		958
Total Liabilities		19,986
Deferred Inflows of Resources		-
Fund Balances:		
Nonspendable		18,409
Restricted		11,903
Unassigned		477,336
Total Fund Balances		507,648
Total Liabilities, Deferred Inflows of Resouces, and Fund Balances	$	527,634

CITY OF POULAN, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit D-2

	General Fund
Revenues:	
Taxes	$ 234,720
Licenses & Permits	4,246
Fines & Forfeitures	331,623
Charges for Services	113,188
Intergovernmental	105,073
Interest	2,010
Miscellaneous	31,311
Total Revenues	822,171
Expenditures:	
Current:	
General Government	141,164
Public Safety	407,057
Public Works	249,779
Culture and Recreation	22,613
Debt Service:	
Principal	11,105
Interest	698
Total Expenditures	832,416
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,245)
Other Financing Sources (Uses):	
Debt Proceeds	-
Transfers Out	-
Total Other Financing Sources and Uses	-
Net Changes in Fund Balances	(10,245)
Fund Balances - Beginning	$ 517,893
Fund Balances - Ending	$ 507,648

CITY OF POULAN, GEORGIA
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION E

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund – This fund is used to report governmental operations where statutory, regulatory, or grant requirement provisions require separate accountability.

LMIG Capital Projects Fund – This fund is used to report the receipt and disbursement of the Georgia Department of Transportation's Local Maintenance Improvement Grant (LMIG) proceeds for road projects.

TSPLOST Capital Projects Fund – This fund is used to report the receipt and disbursement of the Transportation Special Purpose Local Option Sales Tax (TSPLOST) proceeds which are used to fund transportation improvements.

CITY OF POULAN, GEORGIA
NONMAJOR SPECIAL REVENUE FUND
BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit E-1

	COPS Grant
Assets	
Cash	$ -
Interfund Receivable	-
Total Assets	$ -
Liabilities & Fund Balance	
Liabilities:	
Interfund Payable	-
Total Liabilities	-
Fund Balances:	
Fund Balance - Restricted	-
Total Liabilities & Fund Balance	$ -

CITY OF POULAN, GEORGIA
NONMAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit E-2

	COPS Grant
Revenues:	
Intergovernmental Revenues	$ -
Miscellaneous	-
Total Revenues	-
Expenditures:	
Current:	
General Government	-
Public Safety	-
Total Expenditures	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-
Other Financing Sources (Uses):	
Transfers In	-
Total Other Financing Sources and Uses	-
Net Changes in Fund Balances	-
Fund Balances - Beginning	$ -
Fund Balances - Ending	$ -

CITY OF POULAN, GEORGIA
NONMAJOR CAPITAL PROJECTS FUND
BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit E-3

	LMIG Grant
Assets	
Cash	$ 62,845
Interfund Receivable	-
Total Assets	$ 62,845
Liabilities & Fund Balance	
Liabilities:	
Interfund Payable	-
Total Liabilities	-
Fund Balances:	
Fund Balance - Restricted	62,845
Total Liabilities & Fund Balance	$ 62,845

CITY OF POULAN, GEORGIA
NONMAJOR CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit E-4

	LMIG Grant
Revenues:	
Intergovernmental Revenues	$ -
Miscellaneous	-
Total Revenues	-
Expenditures:	
Current:	
Capital Outlay:	
Public Works	-
Total Expenditures	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-
Other Financing Sources (Uses):	
Transfers In	-
Transfers (Out)	-
Total Other Financing Sources and Uses	-
Net Changes in Fund Balances	-
Fund Balances - Beginning	$ 62,845
Fund Balances - Ending	$ 62,845

CITY OF POULAN, GEORGIA
NONMAJOR CAPITAL PROJECTS FUND
BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit E-5

	TSPLOST
Assets	
Cash	$ 19,750
Total Assets	$ 19,750
Liabilities & Fund Balance	
Liabilities:	
None	-
Total Liabilities	-
Fund Balances:	
Fund Balance - Restricted	19,750
Total Liabilities & Fund Balance	$ 19,750

CITY OF POULAN, GEORGIA
NONMAJOR CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit E-6

	TSPLOST
Revenues:	
Intergovernmental Revenues	$ 19,749
Interest	1
Total Revenues	19,750
Expenditures:	
Current:	
Capital Outlay:	
None	-
Total Expenditures	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,750
Other Financing Sources (Uses):	
Transfers In	-
Transfers (Out)	-
Total Other Financing Sources and Uses	-
Net Changes in Fund Balances	19,750
Fund Balances - Beginning	$ -
Fund Balances - Ending	$ 19,750

CITY OF POULAN, GEORGIA
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION F

MAJOR GOVERNMENTAL FUND

SPECIAL PURPOSE LOCAL OPTION SALES TAX CAPITAL PROJECTS FUND

Special Purpose Local Option Sales Tax Capital Projects Fund – This fund is used to report the receipt and disbursement of Special Purpose Local Option Sales Tax (SPLOST) proceeds.

CITY OF POULAN, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX CAPITAL PROJECTS FUND
BALANCE SHEET
FOR THE ENDED DECEMBER 31, 2019

Exhibit F-1

	Special Purpose Local Option Sales Tax Fund
Assets	
Cash	$ 88,227
Special Purpose Sales Tax Receivable	-
Total Assets	$ 88,227
Liabilities and Fund Balances	
Liabilities:	
Interfund Payable	-
Total Liabilities	-
Fund Balances:	
Restricted: For Special Purpose Sales Tax Projects	88,227
Total Fund Balance	88,227
Total Liabilities and Fund Balance	$ 88,227

CITY OF POULAN, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit F-2

	Special Purpose Local Option Sales Tax Fund
Revenues:	
Intergovernmental Revenue:	
Special Purpose Sales Tax	$ 52,003
Interest	69
Total Revenues	52,072
Expenditures:	
Current:	
General Government	
Capital Outlay:	
Capital Expenditures	5,847
Public Safety	
Capital Outlay:	
Capital Expenditures	3,599
Public Works	
Capital Outlay:	
Capital Expenditures	31,550
Parks and Recreation	
Capital Outlay:	
Capital Expenditures	2,587
Total Expenditures	43,583
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,489
Net Changes in Fund Balances	8,489
Fund Balances - Beginning	$ 79,738
Fund Balances - Ending	$ 88,227

CITY OF POULAN, GEORGIA
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION G

ENTERPRISE FUND

Enterprise Fund – This fund is used account for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collecting.

CITY OF POULAN, GEORGIA
PROPRIETARY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2019

Exhibit G-1

		Water Fund
Assets		
Current Assets:		
Cash	$	233,418
Restricted Cash for Debt Service		17,501
Restricted Cash for Capital Grant Project		17,077
Accounts Receivable		19,200
Due from Other Governments		-
Total Current Assets		287,196
Long-Term Assets:		
Restricted Cash for Debt Service		24,440
Capital Assets, Net of Accumulated Depreciation		1,644,102
Total Long-Term Assets		1,668,542
Total Assets	$	1,955,738
Liabilities		
Current Liabilities:		
Accounts Payable	$	-
Interfund Payable		30,689
Payroll Taxes Payable		-
Payable from Restricted Assets:		
Current Portion of Long-Term Debt		17,501
Total Current Liabilities		48,190
Long-Term Liabilities:		
Long-Term Debt		281,997
Total Long-Term Liabilities		281,997
Total Liabilities		330,187
Net Position		
Net Investment in Capital Assets		1,344,604
Restricted for Capital Grant Project		17,077
Restricted for Debt Service		41,941
Unrestricted		221,929
Total Net Position	$	1,625,551

CITY OF POULAN, GEORGIA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit G-2

	Water Fund
Operating Revenues:	
Water Sales	$ 83,783
Other Fees	26,391
Other Income	15,656
Total Operating Revenues	125,830
Operating Expenses:	
Personal Services and Employee Benefits	20,673
Purchased/Contracted Services	34,053
Supplies	9,899
Depreciation and Amortization	52,284
Total Operating Expenses	116,909
Operating Income (Loss)	8,921
Non Operating Revenues (Expenses)	
Principal Forgiveness on Long-Term Debt	46,083
Interest Expense	(4,378)
Total Non Operating Revenues (Expenses)	41,705
Income (Loss) Before Contributions and Transfers	50,626
CDBG Capital Grant	17,076
Change in Net Position	67,702
Total Net Position - Beginning	$ 1,557,849
Total Net Position - Ending	$ 1,625,551

CITY OF POULAN, GEORGIA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit G-3

	Water Fund
Cash Flows from (Used for) Operating Activities	
Cash Received from Customers	$ 126,299
Cash Paid for Goods and Services	(43,965)
Cash Paid to Other Funds	(1,066)
Cash Paid to Employees	(20,673)
Net Cash Flows Provided from Operating Activities	60,595
Cash Flows From (Used for) Non-capital Financing Activities	
None	-
Net Cash Provided from Non-capital Financing Activities	-
Cash Flows from (Used for) Capital and Related Financing Activities	
Proceeds from Capital Grants	17,076
Proceeds from Long-Term Debt	245,817
Interest Expense	(4,378)
Principle Payment on Long-Term Debt	(11,683)
Acquisition of Capital Assets	(245,816)
Net Cash Flows Provided from Capital and Related Financing Activities	1,016
Cash Flows from (Used for) Investing Activities	
None	-
Net Cash Flows from Investing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	61,611
Cash and Cash Equivalents - Beginning of Year	230,825
Cash and Cash Equivalents - End of Year	$ 292,436
Classified as:	
Cash	$ 233,418
Restricted Cash	59,018
	$ 292,436
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	8,921
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation Expense	52,284
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	469
Increase (Decrease) in Accounts Payable	(13)
Increase (Decrease) in Interfund Payable	(1,066)
Net Cash Provided (Used) by Operating Activities	$ 60,595
Noncash Financing Activities:	
Principal Forgiveness on Capital Debt	$ 46,083

CITY OF POULAN, GEORGIA
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION H

Hudson & NeSmith, CPAs

Ronald D. Hudson, CPA, CFP®

John A. NeSmith, Jr., CPA

Member
American Institute of Certified Public Accountants
Georgia Society of Certified Public Accountants
Private Companies Practice Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor
and Members of the City Council
City of Poulan, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poulan, Georgia as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Poulan, Georgia's basic financial statements, and have issued our report thereon dated March 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Poulan, 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Poulan, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Poulan, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Poulan, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Hudson & NeSmith, CPAs
Sylvester, Georgia
March 17, 2020

CITY OF POULAN, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

SUMMARY OF AUDIT RESULTS

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

2. No material weaknesses were disclosed during the audit of the basic financial statements as reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards."

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

CITY OF POULAN, GEORGIA
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I

CITY OF POULAN, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2019

2011 Referendum

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures Prior Years	Expenditures Current Years	Expenditures Total	Estimated Percentage Completion
Water System Improvements	$ 20,000	$ 20,000	$ 15,500	$ -	$ 15,500	77.5%
Governmental Buildings	45,000	45,000	45,000	-	45,000	100.0%
Public Safety	25,000	25,000	25,000	-	25,000	100.0%
Cemetery, Parks & Recreation	45,000	45,000	14,874	-	14,874	33.1%
Capital Equipment	70,000	78,000	46,691	30,452	77,143	98.9%
Roads, Streets, Bridges, Drainage & Walkways	220,000	212,000	113,196	-	113,196	53.4%
Total	$ 425,000	$ 425,000	$ 260,261	$ 30,452	$ 290,713	

2016 Referendum

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures Prior Years	Expenditures Current Years	Expenditures Total	Estimated Percentage Completion
Water System Improvements	$ 37,000	$ 37,000	$ 33,208	$ -	$ 33,208	89.8%
Governmental Buildings	40,000	40,000	4,400	2,364	6,764	16.9%
Public Safety	35,000	35,000	-	-	-	0.0%
Cemetery, Parks & Recreation	40,000	40,000	1,084	2,587	3,671	9.2%
Capital Equipment	70,000	70,000	25,503	7,082	32,585	46.6%
Roads, Streets, Bridges, Drainage & Walkways	190,000	190,000	13,168	1,098	14,266	7.5%
Total	$ 412,000	$ 412,000	$ 77,363	$ 13,131	$ 90,494	

CITY OF POULAN, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Referendum					
	Original Estimated	Revised Estimated	Expenditures			Estimated Percentage
			Prior	Current		
Project	**Cost**	**Cost**	**Years**	**Years**	**Total**	**Completion**
Road, Street, Bridge Purposes as allowed under O.C.G.A 48-8-260(4)	$ 372,875	$ 372,875	$ -	$ -	$ -	0.0%
Total	$ 372,875	$ 372,875	$ -	$ -	$ -	

CITY OF POULAN, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
PROJECT COST SCHEDULE
15i-x-159-2-5806
FOR THE YEAR ENDED DECEMBER 31, 2019

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Accumulative Expenditures To Date CDBG Funds	Accumulative Expenditures To Date Other Funds	Grant Total Expenditures To Date
Water Facilities	P-03J-01	$ 17,076	$ -	$ -	$ -
Total		$ 17,076	$ -	$ -	$ -

CITY OF POULAN, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
SOURCE AND APPLICATION OF FUNDS SCHEDULE
15i-x-159-2-5806
FOR THE YEAR ENDED DECEMBER 31, 2019

Total Program Year 2015 CDBG Funds Allocated to Recipient	$	17,076
Less: Deobligations		-
Net Program Year 2015 Funds Allocated to Recipient		17,076
Less: Total Program Year 2015 Funds Drawn Down by Recipient	$	(17,076)
Funds Still Available from Program Year 2015 Resources	$	-
Total Program Year 2015 CDBG Funds Drawn and Received by Recipient	$	17,076
Local Matches and Other Receipts		-
Total Receipts Available for Program Year 2015 Costs		17,076
Less: Funds Applied and Expended to Program Year 2015 Costs		-
Total Program Year 2015 Funds Held by Recipient	$	17,076