CITY OF UNION POINT, GEORGIA

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

CITY OF UNION POINT, GEORGIA

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the
City of Union Point, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the remaining fund information of the City of Union Point, Georgia (the "City") as of and for the fiscal year ended September 30, 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

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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, the discretely presented component unit, each major fund, and the remaining fund information of the City of Union Point, Georgia, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the fiscal 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 schedule of changes in the net pension liability and related ratios on page 43, the schedule of contributions on page 44, and the notes to the required supplementary information on page 45 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's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Union Point, Georgia's basic financial statements. The schedule of project expenditures with special sales tax proceeds and the City of Union Point Downtown Development Authority financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of project expenditures with special sales tax proceeds and the City of Union Point Downtown Development Authority financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of project expenditures with special sales tax proceeds and the City of Union Point Downtown Development Authority 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*, we have also issued our report dated July 19, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Macon, Georgia
July 19, 2021

FINANCIAL STATEMENTS

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government			Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 31,230	$ 777,308	$ 808,538	$ 20,776
Restricted cash	-	778,166	778,166	-
Accounts receivables, net				
Taxes	7,852	-	7,852	-
Accounts	23,450	127,186	150,636	-
Due from other governments	185,566	-	185,566	-
Due from component unit	4,697	-	4,697	-
Internal balances	338,233	(338,233)	-	-
Prepaid items	23,423	21,438	44,861	-
Investment-joint venture	-	2,389,291	2,389,291	-
Capital assets:				
Nondepreciable assets	21,040	182,714	203,754	-
Depreciable assets, net	1,237,289	6,307,529	7,544,818	-
Total assets	1,872,780	10,245,399	12,118,179	20,776
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	53,551	45,312	98,863	-
Total deferred outflows of resources	53,551	45,312	98,863	-

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2019
(CONTINUED)

	Primary Government			Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Cash overdraft	236,820	-	236,820	-
Accounts payable	25,970	44,147	70,117	-
Due to primary government	-	-	-	4,697
Due to other governments	-	3,426	3,426	-
Accrued expenses	10,060	1,801	11,861	-
Accrued interest	-	15,113	15,113	-
Customer deposits	-	89,038	89,038	-
Noncurrent liabilities:				
Due within one year				
Capital lease	20,552	-	20,552	-
Bonds payable	-	106,829	106,829	-
Notes payable	-	16,769	16,769	-
Compensated absences	9,225	14,994	24,219	-
Due in more than one year				
Capital lease	58,244	-	58,244	-
Bonds payable	-	3,165,915	3,165,915	-
Notes payable	-	225,741	225,741	-
Net pension liability	107,579	91,028	198,607	-
Total liabilities	468,450	3,774,801	4,243,251	4,697
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	24,111	20,402	44,513	-
Total deferred inflows of resources	24,111	20,402	44,513	-
NET POSITION:				
Net investment in capital assets	1,179,533	4,532,173	5,711,706	-
Restricted for:				
Capital outlay	35,781	584,590	620,371	-
Debt service	-	193,576	193,576	-
Unrestricted	218,456	1,185,169	1,403,625	16,079
Total net position	$ 1,433,770	$ 6,495,508	$7,929,278	$ 16,079

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 263,529	$ 48,156	$ -	$ -
Judicial	29,066	-	-	-
Public safety	671,938	9,885	123,005	-
Public works	262,384	67,378	35,696	-
Culture and recreation	17,500	205	-	25,000
Housing and development	64,369	360	16,665	500
Interest	3,911	-	-	-
Total governmental activities	1,312,697	125,984	175,366	25,500
Business-type activities				
Water & Sewer	1,085,377	808,688	-	-
Natural Gas	404,330	305,579	-	102,065
Total business-type activities	1,489,707	1,114,267	-	102,065
Total primary government	$ 2,802,404	$1,240,251	$ 175,366	$ 127,565
Component Unit:				
Downtown Development Authority	$ 20,160	$ -	$ 28,210	$ -
General Revenues:				
Property taxes				
Sales taxes				
Other taxes				
Interest earnings				
Miscellaneous				
Total general revenues				
Change in net position				
Net position - beginning of year				
Net position - end of year				

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
	$ (215,373)	$ -	$ (215,373)	
	(29,066)	-	(29,066)	
	(539,048)	-	(539,048)	
	(159,310)	-	(159,310)	
	7,705	-	7,705	
	(46,844)	-	(46,844)	
	(3,911)	-	(3,911)	
	(985,847)	-	(985,847)	
	-	(276,689)	(276,689)	
	-	3,314	3,314	
	-	(273,375)	(273,375)	
	(985,847)	(273,375)	(1,259,222)	
				$ 8,050
	242,314	-	242,314	-
	464,233	-	464,233	-
	210,047	-	210,047	-
	21	117,373	117,394	-
	11,911	-	11,911	3,174
	928,526	117,373	1,045,899	3,174
	(57,321)	(156,002)	(213,323)	11,224
	1,491,091	6,651,510	8,142,601	4,855
	$ 1,433,770	$ 6,495,508	$ 7,929,278	$ 16,079

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Non-Major SPLOST Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 31,145	$ 85	$ 31,230
Accounts receivables (net of allowances for uncollectibles):			
Taxes	7,852	-	7,852
Accounts	23,450	-	23,450
Due from other funds	338,233	-	338,233
Due from other governments	185,566	-	185,566
Due from component unit	4,697	-	4,697
Prepaid items	23,423	-	23,423
Total Assets	$ 614,366	$ 85	$ 614,451
LIABILITIES			
Cash overdraft	$ 236,820	$ -	$ 236,820
Accounts payable	25,970	-	25,970
Accrued expenses	10,060	-	10,060
Total Liabilities	272,850	-	272,850
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	6,924	-	6,924
Total Deferred Inflows of Resources	6,924	-	6,924
FUND BALANCES			
Nonspendable	23,423	-	23,423
Restricted	35,696	85	35,781
Unassigned	275,473	-	275,473
Total fund balances	334,592	85	334,677
Total liabilities, deferred inflows of resources and fund balances	$ 614,366	$ 85	$ 614,451

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:		
Total Fund Balances - Governmental Funds	$	334,677
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the assets		3,787,249
Accumulated depreciation		(2,528,920)
Deferred outflows of resources		
Related to pensions		53,551
Long-term Liabilities		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as 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 Position. Long-term liabilities at year-end consist of the following:		
Capital lease		(78,796)
Compensated absences		(9,225)
Net pension liability		(107,579)
Deferred inflows of resources		
Related to pensions		(24,111)
Revenues		
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		6,924
Net position of governmental activities	$	1,433,770

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Non-Major SPLOST Fund	Total Governmental Funds
REVENUES:			
Taxes	$ 924,263	$ -	$ 924,263
Licenses and permits	16,774	-	16,774
Intergovernmental	92,141	83,225	175,366
Charges for services	67,378	-	67,378
Fines and forfeitures	31,382	-	31,382
Interest income	21	-	21
Miscellaneous	47,861	-	47,861
Total revenues	1,179,820	83,225	1,263,045
EXPENDITURES:			
Current:			
General government	236,297	-	236,297
Judicial	29,066	-	29,066
Public safety	572,751	34,082	606,833
Public works	224,451	-	224,451
Culture and recreation	17,500	-	17,500
Housing and development	64,369	-	64,369
Debt service:			
Principal	21,513	-	21,513
Interest	3,911	-	3,911
Capital outlay	-	49,143	49,143
Total Expenditures	1,169,858	83,225	1,253,083
Net change in fund balances	9,962	-	9,962
Fund balances - beginning of year	324,630	85	324,715
Fund balances - end of year	$ 334,592	$ 85	$ 334,677

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	9,962
Capital Assets		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Total capital outlays		86,158
Total depreciation		(153,792)
The net effect of various miscellanous transactions involving capital assets (i.e., sales and donations) is to increase (decrease) net position.		(2,072)
Deferred outflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.		
Change in deferred outflows of resources related to pensions		3,697
Long-term Debt		
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:		
Capital lease		21,513
Compensated absences		(2,529)
Net pension liability		(10,864)
Deferred inflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.		
Change in deferred inflows of resources related to pensions		(1,725)
Revenues		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(7,669)
Change in net position of governmental activities	$	(57,321)

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes	$ 798,570	$ 798,570	$ 924,263	$ 125,693
Licenses and Permits	5,600	5,600	16,774	11,174
Intergovernmental Revenues	102,240	102,240	92,141	(10,099)
Charges for Services	7,470	7,470	67,378	59,908
Fines and Forfeitures	23,000	23,000	31,382	8,382
Interest income	1,300	1,300	21	(1,279)
Contributions and Donations	7,200	7,200	25,500	18,300
Miscellaneous	16,950	16,950	22,361	5,411
Total Revenues	962,330	962,330	1,179,820	217,490
EXPENDITURES:				
Current				
General Government:				
Governing Body	17,980	17,980	23,551	(5,571)
Board of elections/registrations	13,440	13,440	991	12,449
Financial administration	162,920	162,920	140,012	22,908
City facilities	32,230	32,230	71,743	(39,513)
Judicial:				
Municipal court	26,090	26,090	29,066	(2,976)
Public safety:				
Police	497,886	497,886	512,320	(14,434)
Custody of prisoners	4,000	4,000	1,066	2,934
Fire administration	49,140	49,140	49,912	(772)
Animal control	15,100	15,100	9,453	5,647
Public works:				
Highways and streets	50,300	50,300	67,959	(17,659)
Solid waste and recycling	50,380	50,380	106,202	(55,822)
Cemetery	48,710	48,710	50,290	(1,580)
Culture and recreation:				
Parks and recreation	46,460	46,460	17,500	28,960
Library	17,000	17,000	-	17,000
Housing and development:				
Protective inspection administration	610	610	688	(78)
Economic development and assistance	11,460	11,460	54,286	(42,826)
Main Street	8,300	8,300	6,161	2,139
Special Events	10,700	10,700	3,234	7,466

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019
(CONTINUED)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Debt service:				
Principal payments	24,089	24,089	21,513	2,576
Interest	3,911	3,911	3,911	-
Total Expenditures	1,090,706	1,090,706	1,169,858	(79,152)
Excess (deficiency) of revenues over (under) expenditures	(128,376)	(128,376)	9,962	138,338
Other Financing Sources (Uses):				
Transfers from other funds	50,000	50,000	-	(50,000)
Total Other Financing Sources (Uses)	50,000	50,000	-	(50,000)
Net change in fund balance	(78,376)	(78,376)	9,962	88,338
Fund Balance - Beginning of Year	324,630	324,630	324,630	-
Fund Balance - End of Year	$ 246,254	$ 246,254	$ 334,592	$ 88,338

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 498,917	$ 278,391	$ 777,308
Restricted cash	193,576	584,590	778,166
Accounts receivable (net of allowance for uncollectibles)	115,103	12,083	127,186
Due from other funds	-	300,152	300,152
Prepaid items	16,194	5,244	21,438
Total current assets	823,790	1,180,460	2,004,250
Long-term assets:			
Investment-joint venture	-	2,389,291	2,389,291
Capital assets:			
Nondepreciable assets	182,714	-	182,714
Depreciable assets, net	6,251,351	56,178	6,307,529
Total long-term assets	6,434,065	2,445,469	8,879,534
Total assets	7,257,855	3,625,929	10,883,784
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	35,700	9,612	45,312
Total deferred outflows of resources	35,700	9,612	45,312

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019
(CONTINUED)

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 14,867	$ 29,280	$ 44,147
Salaries and benefits payable	1,801	-	1,801
Accrued interest	2,914	12,199	15,113
Due to other funds	511,641	126,744	638,385
Due to other governments	-	3,426	3,426
Customer deposits	58,145	30,893	89,038
Bonds payable	31,829	75,000	106,829
Notes payable	16,769	-	16,769
Compensated absences	8,513	6,481	14,994
Total current liabilities	646,479	284,023	930,502
Long-term liabilities:			
Bonds payable	1,683,731	1,482,184	3,165,915
Notes payable	225,741	-	225,741
Net pension liability	71,719	19,309	91,028
Total long-term liabilities	1,981,191	1,501,493	3,482,684
Total liabilities	2,627,670	1,785,516	4,413,186
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	16,074	4,328	20,402
Total deferred inflows of resources related to pensions	16,074	4,328	20,402
NET POSITION			
Net investment in capital assets	4,475,995	56,178	4,532,173
Restricted:			
Debt service	193,576	-	193,576
Capital outlay	-	584,590	584,590
Unrestricted (deficit)	(19,760)	1,204,929	1,185,169
Total net position	$ 4,649,811	$ 1,845,697	$ 6,495,508

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds		
Operating Revenues:	Water and Sewer Fund	Natural Gas Fund	Total
Charges for services	$ 807,624	$ 302,240	$ 1,109,864
Miscellaneous	1,064	3,339	4,403
Total operating revenues	808,688	305,579	1,114,267
Operating Expenses:			
Personal services	342,621	136,928	479,549
Purchased/contracted services	172,802	68,602	241,404
Supplies and materials	151,607	114,337	265,944
Depreciation	350,450	18,273	368,723
Other costs	-	16,239	16,239
Total Operating Expenses	1,017,480	354,379	1,371,859
Operating Income (Loss)	(208,792)	(48,800)	(257,592)
Non-Operating Revenues (Expenses):			
Investment earnings	-	11,389	11,389
Investment income-joint venture	-	105,984	105,984
Intergovernmental revenue	-	102,065	102,065
Interest expense	(67,897)	(49,951)	(117,848)
Total Non-Operating Revenues (Expenses)	(67,897)	169,487	101,590
Change in net position	(276,689)	120,687	(156,002)
Net position - beginning of year	4,926,500	1,725,010	6,651,510
Net position - end of year	$ 4,649,811	$ 1,845,697	$ 6,495,508

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds		
Cash Flows from Operating Activities:	Water and Sewer Fund	Natural Gas Fund	Total
Cash received from customers	$ 945,094	$ 331,370	$ 1,276,464
Cash paid to suppliers for good and services	(343,822)	(93,585)	(437,407)
Cash paid to employees	(346,683)	(135,052)	(481,735)
Net Cash Provided by (Used for) Operating Activities	254,589	102,733	357,322
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of assets	(94,200)	(5,055)	(99,255)
Principal paid on debt	(47,247)	(64,258)	(111,505)
Intergovernmental revenue	-	102,065	102,065
Interest paid on debt	(64,983)	(50,230)	(115,213)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(206,430)	(17,478)	(223,908)
Cash Flows from Investing Activities:			
Interest received	-	11,389	11,389
Net Cash Provided by (Used for) Investing Activities	-	11,389	11,389
Net Increase (Decrease) in Cash and Cash Equivalents	48,159	96,644	144,803
Cash and Cash Equivalents - Beginning of Year	644,334	766,337	1,410,671
Cash and Cash Equivalents - End of Year	$ 692,493	$ 862,981	$ 1,555,474

The accompanying notes are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019
(CONTINUED)

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
Reconciliation of Cash Equivalents:			
Cash	$ 498,917	$ 278,391	$ 777,308
Restricted cash	193,576	584,590	778,166
Total Cash and Cash Equivalents	$ 692,493	$ 862,981	$ 1,555,474
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	$ (208,792)	$ (48,800)	$ (257,592)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	350,450	18,273	368,723
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivables	5,612	3,082	8,694
(Increase) decrease in due from other funds	-	18,229	18,229
(Increase) decrease in prepaids	(15,665)	(417)	(16,082)
(Increase) decrease in deferred outflows of resources	3,076	82	3,158
Increase (decrease) in accounts payable	(3,748)	(18,785)	(22,533)
Increase (decrease) in due to other funds	122,174	126,744	248,918
Increase (decrease) in due to other governments	-	(1,949)	(1,949)
Increase (decrease) in customer deposits	8,620	4,480	13,100
Increase (decrease) in accrued expenses	(2,296)	1,316	(980)
Increase (decrease) in net pension liability	(3,504)	503	(3,001)
Increase (decrease) in deferred inflows of resources	(1,338)	(25)	(1,363)
Total adjustments	463,381	151,533	614,914
Net Cash Provided by (Used for) Operating Activities	$ 254,589	$ 102,733	$ 357,322

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Union Point, Georgia was incorporated under the laws of the State of Georgia in 1904 and operates under a mayor-council form of government. The Mayor and a six-member council govern the City and are elected for four-year terms. The Mayor and the Council all serve on a part-time basis. The Mayor and Council appoint a City Clerk who is responsible for the daily operations of the City.

The financial statements of the City of Union Point, Georgia (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The component unit discussed below is included in the City's reporting entity because of the significance of their operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61 "The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34," the City's relationships with other governments and agencies have been examined.

Discretely Presented Component Units – The component units' columns in the government-wide Statement of Net Position and Statement of Activities include the financial data of the City's component unit. This unit is reported in a separate column to emphasize that it is legally separate from the City.

Downtown Development Authority of the City of Union Point, Georgia – The Downtown Development Authority's governing board is appointed by the Mayor and Council. In addition, the City funds a significant portion of the Downtown Development Authority's budget. The Downtown Development Authority of the City of Union Point, Georgia does not issue separate financial statements. The Downtown Development Authority has a September 30 fiscal year end. The Downtown Development Authority was reinstated during fiscal year 2018.

B. Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities report information on all the non-fiduciary activities of the primary government (the City). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The City first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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's fund principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the 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.

The City reports the following major governmental fund:

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.

The City reports the following major enterprise funds:

Water and Sewer Fund – This enterprise fund accounts for the operation, maintenance and development of the City's water and sewer system.

Natural Gas Fund – This enterprise fund accounts for the operation, maintenance and development of the City's natural gas system.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions are transactions in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange. Non-exchange transactions include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, insurance premium tax, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

C. Budgets and Budgetary Accounting

The City follows these procedures in establishing budgetary data reflected in the financial statements:

1. Prior to October 1, the Treasurer and the Council Budget Committee prepare a proposed budget for the fiscal year commencing October 1.

2. The Treasurer and Council Budget Committee submit the proposed budget to the Mayor and Council.

3. Public hearings are held to obtain taxpayer's comments.
4. The budget is legally enacted through the passage of a resolution.

5. All revisions to the budget must be submitted to the City Council for approval.

6. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the General Fund and Special Revenue Funds. The legal level of control for these budgets is the department level. A project length budget is adopted for all Capital Projects

Funds. An operating budget is prepared for each Enterprise Fund for planning, control, cost allocation, and evaluation purposes. Budgetary amounts are not formally integrated into the Enterprise Fund general ledgers.

7. Budgetary appropriations lapse at the end of the fiscal year.

8. The General Fund had expenditures in excess of appropriations as follows:

General Fund Department:	
Governing body	$ 5,571
City facilities	39,513
Municipal court	2,976
Police	14,434
Fire administration	772
Highway and streets	17,659
Solid waste and recycling	55,822
Cemetery	1,580
Protective inspection administration	78
Economic development and assistance	42,826

D. Deposits and Investments

Cash consists of demand and interest-bearing deposits held in banks. All deposits with financial institutions must be collateralized in an amount equal to 110% of uninsured deposits. In lieu of a surety bond, a depository of public funds may pledge as collateral any one or more of the following securities as enumerated in OCGA 50-17-59: bonds, bills certificates of indebtedness, notes, or other direct obligations of the United States, the State of Georgia, or counties or municipalities of the State of Georgia; bonds of any public authority created by Georgia law; industrial revenue bonds or bonds of development authorities; Home Loan Mortgage Corporation and Federal National Mortgage Association.

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments consist of certificates of deposit and are recorded at cost, which approximates market value.

E. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles, when material.

F. Property Tax Calendar

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Greene County Board of Tax Assessors.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is compiled to form the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The Greene County Tax Commissioner distributes motor vehicle tax notices and collects those tax payments. Motor vehicle taxes are due based on the birthday of the owner. Property taxes are sent out and collected by the City and are usually billed in October of each year.

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	December 15	January 1
Due Date and Collection Date	February 15	Staggered

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period. The 2018 tax digest receivable and amounts collected at year-end are reported as deferred inflows of resources – unavailable revenues on the Governmental Fund statements.

Taxes receivable at September 30, 2019 amounted to $16,977, the estimate of uncollectible taxes was $9,125 and unavailable property tax revenue totaled $6,924.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. Inventories

Inventories are not maintained on the books because of the immateriality of the amounts involved; therefore, disbursements for inventory are considered expenditures at the time of purchase rather than time of use.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items acquired subsequent to January 1, 2004), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment with individual costs that equal to or exceed $5,000 are recorded as capital assets. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the time of donation. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	15-99
Buildings and improvements	15-50
Water and sewer distribution system	20-50
Vehicles	4
Furniture and fixtures	10
Equipment	10
Computer equipment	5
Heavy machinery	5

J. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated annual vacation. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

K. Deferred Inflows / Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense / expenditures) until then. The City has one item that qualifies for reporting in this category. The deferred outflow of resources relative to the pension plans change in assumptions. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. This first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is the deferred inflow of resources relative to the differences between expected and actual experience and the net difference between projected and actual earnings on the pension plan investments. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

L. Restricted Assets

Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for the repayment of the current portion of certain long-term obligations, are classified as restricted assets. At September 30, 2019, restricted assets in the Enterprise Funds consisted of $193,576 in bond sinking funds, and $584,590 in bond funds for capital outlay.

M. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

N. Fund Balance

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council approves committed resources through a motion and vote during the voting session of City Council meetings.
- Assigned – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the City Council. By motion, the Council has authorized the City Clerk or designee to assign fund balances.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed, or assigned to specific purposes within the General Fund.

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

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of September 30, 2019:

	General Fund	Nonmajor Governmental	Total
Fund Balances			
Nonspendable:			
Prepaids	$ 23,423	$ -	$ 23,423
Restricted:			
Capital outlay	35,696	85	35,781
Unassigned	275,473	-	275,473
Total fund balances	$ 334,592	$ 85	$ 334,677

NOTE 2 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the government will not be able to recover deposits. The City's bank balances of deposits as of September 30, 2019 are entirely insured or collateralized with securities held by the City's agent in the City's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City does not have a formal policy for managing interest rate risk.

Credit Quality Risk

Georgia law authorizes local governments to invest in the following types of obligations: obligations of the State of Georgia or any other states; obligations issued by the United States; obligations fully insured or guaranteed by the United States government or governmental agency; prime banker's acceptances; State of Georgia Local Government Investment Pool; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

NOTE 3 – RECEIVABLES

Receivables as of year end for the government's individual major funds, including applicable allowances for uncollectible accounts, are as follows:

Receivables:	General Fund	Water & Sewer Fund	Natural Gas Fund	Total
Accounts	$ 23,450	$ 164,332	$ 25,239	$ 213,021
Taxes	16,977	-	-	16,977
Intergovernmenal	185,566	-	-	185,566
Gross receivables	225,993	164,332	25,239	415,564
Less: allowance for uncollectibles	(9,125)	(49,229)	(13,156)	(71,510)
Net total receivables	$ 216,868	$ 115,103	$ 12,083	$ 344,054

NOTE 4 – INTERFUND RECEIVABLES, AND PAYABLES

The composition of interfund balances as of September 30, 2019, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer	$ 211,489
	Natural Gas	126,744
Natural Gas	Water and Sewer	300,152
Total		$ 638,385

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 21,040	$ -	$ -	$ 21,040
Total capital assets not being depreciated	21,040	-	-	21,040
Capital assets being depreciated:				
Infrastructure	744,530	-	-	744,530
Site improvements	242,418	-	-	242,418
Buildings	1,368,998	26,905	-	1,395,903
Equipment	496,722	59,253	(17,400)	538,575
Vehicles	867,433	-	(22,650)	844,783
Total capital assets being depreciated	3,720,101	86,158	(40,050)	3,766,209
Less Accumulated Depreciation for:				
Infrastructure	408,570	38,992	-	447,562
Site improvements	135,044	8,017	-	143,061
Buildings	685,190	30,150	-	715,340
Equipment	411,476	42,415	(15,328)	438,563
Vehicles	772,826	34,218	(22,650)	784,394
Total accumulated depreciation	2,413,106	153,792	(37,978)	2,528,920
Total capital assets being depreciated, net	1,306,995	(67,634)	(2,072)	1,237,289
Governmental activities capital assets, net	$ 1,328,035	$ (67,634)	$ (2,072)	1,258,329
			Less related long-term debt outstanding	(78,796)
			Net investment in capital assets	$ 1,179,533

Business-type Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 22,044	$ -	$ -	$ 22,044
Site improvements	4,425	-	-	4,425
Construction in progress	72,155	84,090	-	156,245
Total capital assets not being depreciated	98,624	84,090	-	182,714
Capital assets being depreciated:				
Infrastructure	10,849,033	-	-	10,849,033
Buildings	94,183	-	-	94,183
Equipment	820,335	15,165	-	835,500
Vehicles	227,447	-	-	227,447
Total capital assets being depreciated	11,990,998	15,165	-	12,006,163
Less Accumulated Depreciation for:				
Infrastructure	4,311,579	325,506	-	4,637,085
Buildings	48,314	3,465	-	51,779
Equipment	774,081	23,094	-	797,175
Vehicles	195,937	16,658	-	212,595
Total accumulated depreciation	5,329,911	368,723	-	5,698,634
Total capital assets being depreciated, net	6,661,087	(353,558)	-	6,307,529
Business-type activities capital assets, net	$ 6,759,711	$ (269,468)	$ -	6,490,243
			Less related long-term debt outstanding *	(1,958,070)
			Net investment in capital assets	$ 4,532,173

* - The capital assets associated with the Series 2013 Bonds in the Natural Gas Fund are reported as a part of Tri-County Natural Gas System, a joint venture of the City and, therefore, the Series 2013 bonds payable amount of $1,575,000 is not included in the related long-term debt outstanding for the calculation of the net investment in capital assets.

Depreciation expense for governmental activities was charged to functions as follows:

General government	$ 42,716
Public safety	63,033
Public works	48,043
Total governmental activities depreciation expense	$ 153,792

Depreciation expense for business-type activities was charged to functions as follows:

Water and sewer	$ 350,450
Natural gas	18,273
Total business-type activities depreciation expense	$ 368,723

NOTE 6 – INVESTMENTS – JOINT VENTURE

The City is a member of a joint venture, Tri-County Natural Gas System, with the City of Greensboro, Georgia. The purpose of Tri-County Natural Gas is to acquire, construct, and operate a gas transmission line that passes through the City of Crawford, the City of Lexington and the City of Arnoldsville, all located in Oglethorpe County, the City of Crawfordville, located in Taliaferro County, and the City of Woodville located in Greene County. These cities are referred to as "Franchise Cities". The "Franchise Cities" obtain natural gas for their residents from the Tri-County Natural Gas System.

The City of Union Point, Georgia's investment in Tri-County Natural Gas System is as follows:

Investment, October 1	$ 2,283,307
Union Point's share of net income	105,984
Investment, September 30	$ 2,389,291

NOTE 7 – LONG-TERM DEBT

Categories of debt:

Capital Lease Payable

The City obtained an $114,441 capital lease from Georgia Municipal Association, Inc. for the financing of three police vehicles. The vehicles have a four-year estimated useful life. This year, $28,536 was included in depreciation expense and accumulated depreciation of $28,536. Total interest paid for fiscal year 2019 was $3,911. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019 were as follows:

Year Ending	Governmental Activities	
September 30,	Principal	Interest
2020	$ 20,552	$ 2,753
2021	23,367	2,057
2022	24,397	927
2023	10,480	114
Total	$ 78,796	$ 5,851

Revenue bonds

The City of Union Point, Georgia has three series of bonds outstanding at September 30, 2019. The purpose of the bonds was to finance construction projects to expand existing wastewater treatment facilities and to expand existing natural gas pipelines.

2008 Series

Under the terms of the Bond Ordinance, the Series 2008 Bonds are secured by a pledge of and lien on the revenues of the water and sewer system. This lien is ranked in pari passu with the lien of the Series 1974 and 1985 Bonds.

The Series 2008 Bonds are limited obligations of the City and are payable, together with any additional bonds, solely from the revenues of the water and sewer system. The Series 2008 Bonds do not constitute a debt or a general obligation or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including the City, and do not obligate such State or City to levy or to pledge any form of taxation for the payment of amounts due thereon; nor shall the Series 2008 Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City, except for the funds pledged to the payment thereof. The Series 2008 Bonds are not secured by a lien on the real or personal property constituting the System.

The Series 2008 Bonds were issued in the original amount of $694,000 bearing interest at 4.5%. Principal and interest are payable monthly installments of $3,151. Total interest paid for fiscal year 2019 was $27,832. Annual debt service requirements to maturity for this bond issue are as follows:

	Business-type Activities	
Year Ending	2008 Revenue Bonds	
September 30,	Principal	Interest
2020	$ 10,439	$ 27,373
2021	10,919	26,893
2022	11,421	26,391
2023	11,946	25,866
2024	12,496	25,316
2025-2029	71,648	117,412
2030-2034	89,711	99,349
2035-2039	112,329	76,731
2040-2044	140,648	48,412
2045-2049	140,789	13,610
Total	$ 612,346	$ 487,353

2013 Series

Under the terms of the Bond Ordinance, the Series 2013 Bonds are secured by a pledge of and lien on the revenues of the natural gas system. This lien is ranked in pari passu with the lien of the Series 2008 Bonds.

The Series 2013 Bonds are limited obligations of the City and are payable, together with any additional bonds, solely from the revenues of the natural gas system. The Series 2013 Bonds do not constitute a debt or a general obligation or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including the City, and do not obligate such State or City to levy or to pledge any form of taxation for the payment of amounts due thereon; nor shall the Series 2013 Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City, except for the funds pledged to the payment thereof. The Series 2013 Bonds are not secured by a lien on the real or personal property constituting the System.

The Series 2013 Bonds were issued in the original amount of $1,985,000 bearing interest at 2%. Principal and interest are payable in annual installments ranging from $45,000 to $90,000. During fiscal year 2019, the City received $102,065 from Tri-County Natural Gas as reimbursement for principal and interest paid by the City on these bonds. This revenue is reflected as intergovernmental revenue on the Statement of Revenues, Expenses, and Changes in Net Position. Total interest paid for fiscal year 2019 was $49,208. Annual debt service requirements to maturity for this bond issue are as follows:

	Business-type Activities	
Year Ending	2013 Revenue Bonds	
September 30,	Principal	Interest
2020	$ 75,000	$ 59,316
2021	75,000	56,972
2022	75,000	54,628
2023	75,000	52,284
2024	85,000	49,625
2025-2029	230,000	220,788
2030-2034	280,000	172,150
2035-2039	345,000	108,219
2040-2043	335,000	29,219
Total	$ 1,575,000	$ 803,201

2015A Series and 2015B Series

Under the terms of the Bond Ordinance, the Series 2015 Bonds are secured by a first lien on the net revenues of the System which lien shall rank on a parity with the liens of the outstanding City of Union Point, Georgia Water System Revenue Bond, Series 2008, issued pursuant to an ordinance adopted by the City of Union Point.

The Series 2015 Bonds are limited obligations of the City and are payable, together with any additional bonds, solely from the revenues of the water and sewer system. The Series 2015 Bonds do not constitute a debt or a general obligation or a pledge of the faith and credit of the State of

do not constitute a debt or a general obligation or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including the City, and do not obligate such State or City to levy or to pledge any form of taxation for the payment of amounts due thereon; nor shall the Series 2015 Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City, except for the funds pledged to the payment thereof. The Series 2015 Bonds are not secured by a lien on the real or personal property constituting the System.

The Series 2015A Bonds were issued in the original amount of $976,000 bearing interest at 1.875%. Principal and interest are payable monthly installments of $2,899. The Series 2015B Bonds were issued in the original amount of $199,000 bearing interest at 1.875%. Principal and interest are payable monthly installments of $592. Total interest paid for fiscal year 2019 for the Series 2015A Bonds was $17,360 and for the Series 2015B Bonds was $3,539. Annual debt service requirements to maturity for this bond issue are as follows:

	Business-type Activities			
Year Ending	2015A Revenue Bonds		2015B Revenue Bonds	
September 30,	Principal	Interest	Principal	Interest
2020	$ 17,758	$ 17,030	$ 3,632	$ 3,472
2021	18,093	16,695	3,701	3,403
2022	18,436	16,352	3,771	3,333
2023	18,784	16,004	3,842	3,262
2024	19,139	15,649	3,915	3,189
2025-2029	101,265	72,675	20,715	14,805
2030-2034	111,210	62,730	22,749	12,771
2035-2039	122,132	51,808	24,983	10,537
2040-2044	134,125	39,815	27,436	8,084
2045-2049	147,297	26,643	30,131	5,389
2050-2054	161,763	12,177	33,090	2,430
2055-2056	46,403	627	8,844	112
Total	$ 916,405	$ 348,205	$ 186,809	$ 70,787

Notes Payable

The Water and Sewer Fund is obligated to the Georgia Environmental Facilities Authority under a note in the original amount of $378,825. The original note bore interest at 4.8% and was payable in installments of $8,893. On February 1, 2005, the note was revised to monthly payments of $2,954 and a final payment of $2,932. The note was used to finance certain water and sewer improvements. Total interest paid for fiscal year 2019 for the GEFA loan was $7,541. Annual debt service requirements to maturity for this note are as follows:

Year Ending September 30,	Business-type Activities GEFA Note Principal	Interest
2020	$ 16,769	$ 7,046
2021	17,279	6,536
2022	17,805	6,010
2023	18,347	5,569
2024	18,905	4,910
2025-2029	103,505	15,571
2030-2033	49,900	1,702
Total	$ 242,510	$ 47,344

Long-term Obligation Activity

Changes in long-term obligations for the year ended September 30, 2019 are as follows:

	Beginning Balance	Increases	Decrease	Ending Balance	Due within One Year
Governmental activities:					
Capital lease	$ 100,309	$ -	$ 21,513	$ 78,796	$ 20,552
Net pension liability	96,715	10,864	-	107,579	-
Compensated absences	6,696	8,222	5,693	9,225	9,225
Total governmental activities	$ 203,720	$ 19,086	$ 27,206	$ 195,600	$ 29,777
Business-type activities:					
Revenue bonds					
2008 Bonds	$ 622,326	$ -	$ 9,980	$ 612,346	$ 10,439
2013 Bonds	1,640,000	-	65,000	1,575,000	75,000
2013 Bond Discount	(18,558)	-	(742)	(17,816)	-
2015A Bonds	933,833	-	17,428	916,405	17,758
2015B Bonds	190,374	-	3,565	186,809	3,632
Notes payable	258,784	-	16,274	242,510	16,769
Net pension liability	94,029	-	3,001	91,028	-
Compensated absences	12,674	15,179	12,859	14,994	14,994
Total business-type activities	$ 3,733,462	$ 15,179	$ 127,365	$ 3,621,276	$ 138,592

For the governmental activities, compensated absences and net pension liability are generally liquidated by the General Fund. For the business-type activities, long-term liabilities are liquidated by the Water and Sewer Fund and Natural Gas Fund.

NOTE 8 – RETIREMENT BENEFITS

Plan Description

The City's defined benefit pension plan, City of Union Point Retirement Plan, (the Plan) was established by an adoption agreement executed by City Council. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS) an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report on GMEBS that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, Atlanta, Georgia, 30303-3606.

Plan Membership

As of January 1, 2019, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	14
Terminated vested participants not yet receiving benefits	14
Active vested employees	9
Active noninvested employees	14
	51

Benefits Provided

The GMEBS Plan provides retirement, disability and death benefits to plan members and beneficiaries. Effective January 1, 2016, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

Contributions

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 6.96% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2019, the City reported a net pension liability. The net pension liability was measured as of September 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2019. An expected

total pension liability as of September 30, 2019 was determined using standard roll-forward techniques.

For the year ended September 30, 2019, the City recognized pension expense relative to GMEBS in the amount of $46,557. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 53,827	$ (1,761)
Changes of assumptions	6,166	(1,354)
Net difference between projected and actual earnings on pension plan investments	-	(41,398)
Employer contributions subsequent to the measurement date	38,870	-
	$ 98,863	$ (44,513)

City contributions subsequent to the measurement date of September 30, 2018 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year ended September 30:	
2020	$ 18,382
2021	8,091
2022	(6,814)
2023	(4,179)

Actuarial Assumptions: The total pension liability as of September 30, 2019 was determined by an actuarial valuation as of January 1, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	2.75%, plus service based merit increases
Investment rate of return	7.50%, On-going basis, based on long-term expected rate of return of pension plan investments

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females, and the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

Net Pension Liability:

Changes in the Net Pension Liability:	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2018	$ 882,399	$ 691,655	$ 190,744
Changes for the year:			
Service cost	12,533	-	12,533
Interest	66,154	-	66,154
Difference between expected and actual experience	22,962	-	22,962
Contributions - employer	-	30,293	(30,293)
Net investment income	-	68,725	(68,725)
Benefit payments	(50,612)	(50,612)	-
Administrative expense	-	(5,232)	5,232
Net changes	51,037	43,174	7,863
Balance at September 30, 2019	$ 933,436	$ 734,829	$ 198,607

The City's net pension liability is recorded in the government-wide statement of net position and in the amounts of $107,579 for governmental-activities and $91,028 for business-type activities.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the on the ongoing basis is a margin for adverse deviation. 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	7.40%
Real estate	10%	5.10%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Cash	0%	
Total	100%	

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount rate: The following presents the City's net pension liability calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	$ 318,169	$ 198,607	$ 102,961

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publically available at www.gmanet.com.

Defined Contribution Plan

The employees of the City may also participate in the City of Union Point Money Purchase Plan, a defined contribution pension plan established under Section 457 of the Internal Revenue Code. The plan administrator, the City of Union Point, has appointed Nationwide Retirement Solutions to provide record keeping and administrative services related to the plan. The Plan was established to provide supplemental benefits at retirement to the City's employees. All employees with 5 years of service are eligible to participate in the plan. Eligible employees are fully vested upon admission to the plan. At September 30, 2019, there were 4 active participants and 9 terminated participants.

Under the terms of the plan, the City will make a contribution to eligible participants equal to 50% of the employee's contribution to the Section 401 Deferred Compensation Plan, up to a maximum of 4% of salary. Total contributions by Union Point for 2019 were $2,560 by the employer and $8,500 by employees. The City's total payroll for the year ended September 30, 2019 was $952,873. Plan provisions and contribution requirements are established and may be amended by the Mayor and Council of the City of Union Point, Georgia.

NOTE 9 – SPECIAL FUNDING DEFINED BENEFIT PENSION PLANS

A. Georgia Firefighters' Pension Fund

The City's Volunteer Firemen are eligible to participate in the Georgia Firefighters' Pension Fund, a voluntary pension system. The City makes no contributions to this plan. Contributions are made through monthly dues by eligible firefighters electing to participate in the plan and non-employer contributions which consist of insurance premium taxes collected and remitted by insurers directly to the pension fund in accordance with the law. The plan is administered by the Georgia Firefighters' Pension Fund located at 2171 Eastview Parkway NE in Conyers, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Union Point's financial statements.

B. Peace Officers' Annuity and Benefit Fund of Georgia

The City's Deputies are covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its court systems. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Union Point's financial statements.

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these various risks with a deductible as follows: contractor's equipment protection - $500, public official liabilities - $5,000, police professional liability - $5,000, all other risks have a deductible of $1,000.

The City participates in the Georgia Municipal Association Worker's Compensation Self Insurance Fund. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for Workers' Compensation Self Insurance Fund (WCSIF), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Georgia Municipal Association operates the risk pool.

As a part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction

procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issues, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in any investigation, settlement discussions, and all levels of litigation arising out of any claim made against the city within the scope of protection furnished by the fund.

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

Settled claims in the past three years have not exceeded coverage.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the City's financial position as of the date of this audit report.

NOTE 12 – JOINT VENTURES

A joint venture has the following characteristics:

1. It is a legal entity that results from a contractual arrangement.
2. It is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control.
3. Participants retain an ongoing financial interest or an ongoing financial responsibility.

Northeast Georgia Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the 12 county Northeast Georgia area is a member of the Northeast Georgia Regional Commission (the "RC") and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the RC's administrative office at 305 Research Drive, Athens, Georgia 30610.

NOTE 13 – RELATED ENTITY

On September 10, 1957, the City of Union Point, Georgia entered into a cooperative agreement with the Housing Authority of the City of Union Point, Georgia (the "Housing Authority"). Under the terms of this agreement, the Housing Authority agrees to endeavor to secure a contract with the Public Housing Authority (the "PHA") for loans and annual contributions and agrees to endeavor to develop and administer one or more projects. The obligations of the parties apply

only to projects aggregating not more than 200 units of low-rent housing located within the corporate limits of the City of Union Point. Under the constitution and statutes of the State of Georgia, all projects are exempt from all real and personal property taxes levied or imposed by any taxing body.

The City agrees that it will not levy or impose real or personal taxes or special assessments upon such projects or upon the Housing Authority with respect thereto as long as:

- The projects are owned by a public body or government agency,
- A contract exists between the Housing Authority and the PHA,
- Bonds issued in connection with such project are outstanding.

During such period, the Housing Authority shall make "Payments in Lieu of Taxes" in lieu of such taxes and special assessments and in payment for the public services and facilities from time to time without other cost or charge or with respect to such project. The payment in lieu of taxes shall be lower of either ten percent (10%) of the aggregate Shelter Rent actually collected but in no event to exceed the Shelter Rent charged by the Local Authority in respect to such project during the fiscal year or the amount permitted to be paid by applicable state law. For the fiscal year ended September 30, 2019, the Authority made payments of $9,282 "in lieu of taxes".

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

During March 2020, the City modified operations as a result of the COVID-19 pandemic and in compliance with state and federal recommendations. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak all of which are uncertain. Accordingly, the extent to which COVID-19 may impact the financial condition or results of operation cannot be determined.

The City has evaluated subsequent events through July 19, 2021, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNION POINT, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$ 12,533	$ 11,774	$ 13,317	$ 12,768	$ 11,682
Interest on total pension liability	66,154	59,119	57,885	54,568	51,591
Difference between expected and actual experience	22,962	62,375	(9,398)	15,102	19,527
Changes of assumptions	-	-	-	-	(8,007)
Benefit payments, including refunds of employee contributions	(50,612)	(51,705)	(40,065)	(39,201)	(33,562)
Other changes	-	12,162	-	-	-
Net change in total pension liability	51,037	93,725	21,739	43,237	41,230
Total pension liability - beginning of year	882,399	788,674	766,935	723,698	682,468
Total pension liability - ending (a)	$ 933,436	$ 882,399	$ 788,674	$ 766,935	$ 723,698
Plan fiduciary net position					
Contributions - employer	$ 30,293	$ 30,158	$ 24,837	$ 23,658	$ 22,858
Net investment income	68,725	92,545	63,962	7,341	61,788
Benefit payments, including refunds of member contributions	(50,612)	(51,705)	(40,065)	(39,201)	(33,562)
Administrative expenses	(5,232)	(5,687)	(2,726)	(3,147)	(2,571)
Net change in plan fiduciary net position	43,174	65,311	46,008	(11,349)	48,514
Plan fiduciary net position - beginning of year	691,655	626,344	580,336	591,685	543,171
Plan fiduciary net position - ending (b)	$ 734,829	$ 691,655	$ 626,344	$ 580,336	$ 591,685
City's net pension liability (asset) - ending (a) - (b)	$ 198,607	$ 190,744	$ 162,330	$ 186,599	$ 132,013
Plan fiduciary net position as a percentage of the total pension liability	78.72%	78.38%	79.42%	75.67%	81.76%
Covered-employee payroll	546,870	539,331	457,750	532,647	491,383
Net pension liability as a percentage of covered-employee payroll	36.32%	35.37%	35.46%	35.03%	26.87%

Note 1: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF UNION POINT, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

SCHEDULE OF CITY CONTRIBUTIONS

	2019	2018	2017	2016	2015
Actuarially determined contributions	$ 38,870	$ 29,872	$ 30,158	$ 24,837	$ 23,658
Contributions in relation to the actuarially determined contribution	38,870	29,872	30,158	24,837	23,470
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ 187
City's covered-employee payroll	546,870	539,331	457,750	532,647	491,383
Contributions as a percentage of covered-employee payroll	7.11%	5.54%	6.59%	4.66%	4.78%

Note 1: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Changes of assumptions:

Amounts reported for the fiscal year ending in 2019 and later reflect the following assumption changes based on an actuarial study conducted in September 2018:

- The investment return assumption was decreased from 7.75% to 7.50%
- The inflation assumption was decreased from 3.25% to 2.75%

Benefit Changes:

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

Valuation date	The actuarially determined contribution was determined as of January 1, 2019, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending September 30, 2020.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Closed level dollar for the remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 13 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 by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net Investment Rate of Return	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	Ages 65-69 rate of 60% and age 70 and over rate of 100%
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

SUPPLEMENTARY INFORMATION

CITY OF UNION POINT, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Project	Original Estimated Budget	Expenditures Prior Years	Expenditures Current Year	Total
2009 Referendum				
Fire Protection Facilities and Equipment	$ 300,000	$ 298,834	$ 85	$ 298,919
Total	$ 300,000	$ 298,834	$ 85	$ 298,919

The 2009 SPLOST was closed out as of September 30, 2019.

2015 Referendum				
Fire Protection Facilities and Equipment	$ 250,000	$ -	$ 83,140	$ 83,140
Total	$ 250,000	$ -	$ 83,140	$ 83,140

CITY OF UNION POINT, GEORGIA

BALANCE SHEET
CITY OF UNION POINT DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT
SEPTEMBER 30, 2019

ASSETS		
Cash and cash equivalents	$	20,776
Total Assets	$	20,776
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to primary government	$	4,697
Total Liabilities		4,697
Fund Balance:		
Unassigned		16,079
Total Fund Balance		16,079
Total Liabilities and Fund Balance	$	20,776

CITY OF UNION POINT, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CITY OF UNION POINT DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Revenues:		
Intergovernmental	$	25,000
Special events		3,210
Miscellaneous income		3,174
Total Revenues		31,384
Expenditures:		
Advertising		1,780
Fees & Dues		904
Other Purchased Services		9,276
Supplies		6,871
Repairs and maintenance		1,329
Total Expenditures		20,160
Net change in fund balance		11,224
Fund Balance, beginning of year		4,855
Fund Balance, end of year	$	16,079

GOVERNMENTAL REPORT

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*

To the Mayor and Council of the
City of Union Point, Georgia

We 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, the discretely presented component unit, each major fund, and the remaining fund information of the City of Union Point, Georgia as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Union Point, Georgia's basic financial statements, and have issued our report thereon dated July 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Union Point, Georgia's internal control over financial reporting (internal control) to determine 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 City of Union Point, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Union Point, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001, 2019-002, 2019-003, 2019-004 and 2019-005 that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Union Point, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2019-006.

The City of Union Point, Georgia's Responses to Findings

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

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 City'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 purposes.

Macon, Georgia
July 19, 2021

CITY OF UNION POINT, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

There was not an audit of major federal award programs for the fiscal year ended September 30, 2019 due to the total amount expended being less than $750,000.

Section II – Financial Statement Findings

Findings noted on the "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*":

2019-001 Accounting Internal Control and Timely Financial Reporting

CRITERIA
Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the City, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements. Georgia code establishes requirements of audits for local governments. Each annual audit report of a local unit of government shall be completed and a copy of the report forwarded to the state auditor within 180 days after the close of the unit's fiscal year.

CONDITION
During fiscal year 2019 the City experienced turnover within the City Clerk's Office. The City's internal control structure over accounting and financial reporting was significantly affected by this turnover. For FY 2019, the City was not ready for the annual audit in a timely manner to comply with audit submission due date requirements.

CONTEXT
Material audit adjustments were required as follows:

- To correct the reporting of cash.
- To record accounts receivable at year-end.
- To correct the reporting of prepaid expenditures / expenses.
- To record accounts payable at year-end.
- To record accrued salaries at year-end.
- To correct the reporting of customer deposits.
- To record current year compensated absences activity.
- To correct the reporting of long-term debt transactions.
- To correct beginning fund balance / net position carryforward balances.

EFFECT
During the fiscal year, certain financial activity contained material errors that required adjustments to record revenues and expenditures in the proper fiscal period. The City was not prepared and ready for the annual audit in a timely manner to meet the State of Georgia's audit submission due date, including extensions.

CAUSE
The City experienced turnover in the City Clerk's Office during fiscal year 2019.

2019-001 **Accounting Internal Control and Timely Financial Reporting, continued**

RECOMMENDATION

We recommend that the City enhance internal control procedures with the overall accounting system and financial reporting to ensure that accounting activity is recorded properly during the fiscal year.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City has new control measures that have been implemented to ensure that records are maintained on a timely manner in order to meet due date requirements.

2019-002 Accounts Receivable/Revenue

CRITERIA
Under a modified accrual basis of accounting, amounts are recognized as revenue when earned, only as long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period. Under the accrual basis of accounting, amounts are recognized as revenue when earned.

CONDITION
Various revenue items were not recorded in the proper fiscal period and correct general ledger accounts for FY2019.

CONTEXT
Audit adjustments were required to fairly state and classify revenues for the year ended September 30, 2019.

General Fund:

- Material adjustments were required to reverse the September 2018 LOST receivable and record the September 2019 LOST receivable in the amounts of $38,682 and $40,608, respectively.
- An audit adjustment of $19,032 was required to reverse the September 2018 Industrial Park receivable.
- Material adjustments were required to reverse the 2018 insurance premium tax and record the 2019 insurance premium tax in the amounts of $115,970 and $123,186, respectively.
- An audit adjustment of $7,924 was required to record the current year receivable for curbside fees.
- Net audit adjustments of $12,221 were required to correct GOHS revenue.
- An audit adjustment of $11,525 was required to record TAVT revenue.
- An audit adjustment of $8,000 was required to record LMIG grant revenue.
- Other adjustments were necessary to correct numerous posting errors.

EFFECT
The City's accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE
The City did not have controls in place to ensure transactions are being recorded in the correct fiscal year.

RECOMMENDATION
We recommend that the City develop procedures to ensure that revenues are recognized in the correct fiscal year and that transactions are recorded in the correct accounting period in the accounting system.

2019-002 **Accounts Receivable/Revenue, continued**

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. The City Clerk is obtaining additional training to identify the recording procedures for revenue items and the importance of properly posting them in the correct fiscal periods.

2019-003 Year-end Expenditures / Expenses

CRITERIA
In accordance with generally accepted accounting principles, expenditures / expenses are recognized as soon as a liability is incurred. In addition, expenditures / expenses should recognize a proportionate amount of expenditures / expenses in each of the benefitting periods.

CONDITION
The City does not have adequate accounting procedures to ensure that expenditures / expenses are recorded in the proper accounting period.

CONTEXT
Audit adjustments were needed to fairly state and classify expenditures or expenses for the fiscal year ended September 30, 2019 as follows:

- Audit adjustments were required in the General Fund to reverse prior year accounts payable of $44,958 and to record current year accounts payable of $22,122.
- Audit adjustments were required in the Water and Sewer Fund to reverse prior year accounts payable of $18,615 and to record current year accounts payable of $14,867.
- An audit adjustment of $33,240 was required in the Natural Gas Fund to reverse prior year accounts payable.
- Year-end adjustments of $68,816, $33,538, and $13,798 were required to correct prepaid expenditure / expenses in the General Fund, Water and Sewer Fund, and Natural Gas Fund. The City had not posted the usage of prepaid expenditures / expenses in the current period.

EFFECT
The City's accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE
The City did not have controls in place to ensure that transactions were properly reported.

RECOMMENDATION
The City should establish procedures to ensure the proper recording of expenditure / expense transactions at year-end.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. The Clerk is receiving additional accounting training on how to ensure the proper posting of expenditures in the correct accounting periods.

2019-004 Bank Reconciliations

CRITERIA
An effective system of internal controls includes the requirement that all bank accounts are reconciled with the general ledger on a monthly basis and the reconciliations are reviewed by management or another responsible official.

CONDITION
Monthly bank reconciliations for the pooled cash bank account were not being performed for the fiscal year. The City's pooled cash bank account general ledger balances were understated for FY2019.

CONTEXT
Audit adjustments of $35,517, $30,930 and $14,615 were required in the General Fund, Water and Sewer Fund and Natural Gas Fund, respectively to record pooled cash transactions that were not recorded in the general ledger.

EFFECT
The failure to reconcile bank accounts on a timely basis resulted in incomplete or inaccurate recording of transactions in the City's financial records for fiscal year 2019. In addition, failure to timely perform bank reconciliations could increase the likelihood of misappropriation of funds or errors going undetected.

CAUSE
The City experienced turnover within the City Clerk's Office. The City employed two different clerks during fiscal year 2019.

RECOMMENDATION
We recommend that the bank accounts be reconciled on a timely basis each month.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. Bank reconciliations for the pooled cash bank account are being maintained on a monthly basis to align with general ledger postings and balances.

2019-005 Utility Billing

CRITERIA
Natural gas billing rates are calculated monthly based on costs provided by the City's natural gas supplier.

CONDITION
Natural gas customers were billed at an incorrect rate for April 2019.

CONTEXT
The natural gas rate for April 2019 billings was $1.122/unit but customers were charged a rate of $1.02/unit.

EFFECT
Customers were under charged for gas billings in April 2019.

CAUSE
The City lacked controls to ensure that rates had been verified prior to billing.

RECOMMENDATION
We recommend that the City implement procedures to ensure gas billing rates are verified for accuracy prior to billing.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. Additional review of the rates for gas have been implemented to ensure correct rates are being posted into the utility billing software prior to the customer bills being printed.

Compliance Findings:

2019-006 Budgetary Control-Expenditures Exceeding Appropriations (36-81-3)

CRITERIA
In order to comply with the applicable legal requirements regarding budgets, procedures must exist to properly monitor compliance with the State law. Georgia code (36-81-3) requires an annual balanced budget for the General Fund.

CONDITION
General Fund had expenditures in excess of appropriations for FY2019.

CONTEXT
Expenditures exceeded appropriations as follows:

Governing body	$ 5,571
City facilities	39,513
Municipal court	2,976
Police	14,434
Fire administration	772
Highways and streets	17,659
Solid waste and recycling	55,822
Cemetery	1,580
Protective inspection administration	78
Economic development and assistance	42,826

EFFECT
The City was not in compliance with state law.

CAUSE
The City lacked adequate financial reporting to properly monitor the status of budgeted expenditures.

RECOMMENDATION
We recommend the City modify its financial reporting system to more closely monitor budgeted expenditures.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. The Clerk will implement additional control measures to ensure expenditures remain within the appropriations for future fiscal years.