CITY OF UNION POINT, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

CITY OF UNION POINT, GEORGIA

FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020 AND
INDEPENDENT AUDITOR'S REPORT

CITY OF UNION POINT, GEORGIA

CONTENTS

Independent Auditor's Report 1

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position 4

Statement of Activities 6

Fund Financial Statements

Balance Sheet - Governmental Funds 7

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 8

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 9

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 10

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund 11

Statement of Net Position - Proprietary Funds 13

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds 15

Statement of Cash Flows - Proprietary Funds 16

Notes to the Financial Statements 18

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios 42

Schedule of City Contributions 43

Notes to the Required Supplementary Information 44

CITY OF UNION POINT, GEORGIA

CONTENTS

Supplementary Information

Schedule of Projects Constructed with Special Sales Tax Proceeds 46

Component Unit

Downtown Development Authority - Balance Sheet..... 47

Downtown Development Authority - Statement of Revenues, Expenditures, and Changes in Fund Balances..... 48

Governmental Reports

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* 49

Schedule of Findings and Responses 51

MCNAIR MCLEMORE MIDDLEBROOKS & CO
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May 20, 2024

INDEPENDENT AUDITOR'S REPORT

Mayor and Council
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 **City of Union Point, Georgia** (the "City"), as of and for the fiscal year ended September 30, 2020, 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

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information for the City, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in the City's net pension liability and related ratios on page 42, the schedule of City contributions on page 43, and the notes to the required supplementary information on pages 44-45 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 opinions on the basic financial statements are 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's basic financial statements. The schedule of projects constructed with special sales tax proceeds and the Downtown Development Authority's financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of projects constructed with special sales tax proceeds and the Downtown Development Authority's financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of projects constructed with special sales tax proceeds and the Downtown Development Authority's 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 May 20, 2024, 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 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.

McNair, McLemore, Middlebrooks & Co., LLC

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FINANCIAL STATEMENTS

CITY OF UNION POINT, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Current Assets				
Cash and Cash Equivalents	$ 2,205,203	$ 287	$ 2,205,490	$ 8,572
Certificates of Deposit	2,556	-	2,556	-
Restricted Cash and Cash Equivalents				
Cash and Cash Equivalents	-	584,747	584,747	-
Receivables, Net of Allowance				
Taxes	8,580	-	8,580	-
Accounts	19,028	114,010	133,038	-
Intergovernmental	180,797	-	180,797	-
Internal Balances	(1,759,789)	1,759,789	-	-
Prepaids	13,293	21,797	35,090	-
Total Current Assets	669,668	2,480,630	3,150,298	8,572
Noncurrent Assets				
Investment - Joint Venture	-	3,940,446	3,940,446	-
Capital Assets				
Nondepreciable	52,390	251,419	303,809	-
Depreciable, Net	1,214,806	5,977,027	7,191,833	-
Total Noncurrent Assets	1,267,196	10,168,892	11,436,088	-
Total Assets	1,936,864	12,649,522	14,586,386	8,572
Deferred Outflow of Resources				
Related to Pensions	52,469	44,397	96,866	-
Total Deferred Outflow of Resources	52,469	44,397	96,866	-

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020
(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Liabilities				
Current Liabilities				
Accounts Payable	$ 30,823	$ 171,847	$ 202,670	$ 4,697
Accrued Interest	-	49,374	49,374	-
Accrued Expenses	11,332	2,408	13,740	-
Due To Other Governments	-	4,988	4,988	-
Customer Deposits	-	90,205	90,205	-
Total Current Liabilities	42,155	318,822	360,977	4,697
Noncurrent Liabilities				
Due within One Year				
Bonds Payable	-	107,713	107,713	-
Notes Payable	-	199,402	199,402	-
Compensated Absences	14,525	10,503	25,028	-
Due in more than One Year				
Bonds Payable	-	3,058,944	3,058,944	-
Notes Payable	-	2,730,579	2,730,579	-
Net Pension Liability	141,874	120,048	261,922	-
Total Noncurrent Liabilities	156,399	6,227,189	6,383,588	-
Total Liabilities	198,554	6,546,011	6,744,565	4,697
Deferred Inflows of Resources				
Related to Pensions	3,149	2,664	5,813	-
Total Deferred Inflows of Resources	3,149	2,664	5,813	-
Net Position				
Net Investment in Capital Assets	1,267,196	4,314,735	5,581,931	-
Restricted				
Debt Service	-	79,704	79,704	-
Capital Outlay	85	584,747	584,832	-
Unrestricted	520,349	1,166,058	1,686,407	3,875
Total Net Position	$ 1,787,630	$ 6,145,244	$ 7,932,874	$ 3,875

See accompanying notes which are an integral part of these financial statements.

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CITY OF UNION POINT, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Downtown Development Authority
Primary Government								
Governmental Activities								
General Government	$ 283,965	$ 28,537	$ 70,862	$ -	$ (184,566)	$ -	$ (184,566)	
Judicial	24,463	-	-	-	(24,463)	-	(24,463)	
Public Safety	198,575	-	25,006	24,894	(148,675)	-	(148,675)	
Public Works	280,117	-	32,885	-	(247,232)	-	(247,232)	
Culture and Recreation	11,712	-	-	13,600	1,888	-	1,888	
Housing and Development	40,509	-	35,785	-	(4,724)	-	(4,724)	
Interest on Long-Term Debt	1,352	-	-	-	(1,352)	-	(1,352)	
Total Governmental Activities	840,693	28,537	164,538	38,494	(609,124)	-	(609,124)	
Business-Type Activities								
Water and Sewer Fund	997,150	815,212	-	-	-	(181,938)	(181,938)	
Natural Gas Fund	2,154,731	258,187	-	164,831	-	(1,731,713)	(1,731,713)	
Total Business-Type Activities	3,151,881	1,073,399	-	164,831	-	(1,913,651)	(1,913,651)	
Total Primary Government	$ 3,992,574	$ 1,101,936	$ 164,538	$ 203,325	(609,124)	(1,913,651)	(2,522,775)	
Component Units								
Downtown Development Authority	$ 26,030	$ 1,000	$ 10,000	$ -				$ (15,030)
Total Component Units	$ 26,030	$ 1,000	$ 10,000	$ -				(15,030)
		General Revenues						
		Property Tax			218,779	-	218,779	-
		Sales Tax			461,695	-	461,695	-
		Other Tax			224,039	-	224,039	-
		Gain on Sale of Assets			29,611	-	29,611	-
		Joint Venture Income			-	1,551,155	1,551,155	-
		Miscellaneous			28,860	12,232	41,092	2,826
		Total General Revenues			962,984	1,563,387	2,526,371	2,826
		Change in Net Position			353,860	(350,264)	3,596	(12,204)
		Net Position - Beginning of Year			1,433,770	6,495,508	7,929,278	16,079
		Net Position - End of Year			$ 1,787,630	$ 6,145,244	$ 7,932,874	$ 3,875

See accompanying notes which are an integral part of these financial statements

CITY OF UNION POINT, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Nonmajor SPLOST Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	$ 2,205,118	$ 85	$ 2,205,203
Certificates of Deposit	2,556	-	2,556
Receivables, Net of Allowance			
Taxes	8,580	-	8,580
Accounts	19,028	-	19,028
Intergovernmental	180,797	-	180,797
Prepaids	13,293	-	13,293
Total Assets	$ 2,429,372	$ 85	$ 2,429,457
Liabilities			
Accounts Payable	$ 30,823	$ -	$ 30,823
Accrued Expenses	11,332	-	11,332
Due to Other Funds	1,759,789	-	1,759,789
Total Liabilities	1,801,944	-	1,801,944
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	8,057	-	8,057
Total Deferred Inflows of Resources	8,057	-	8,057
Fund Balances			
Nonspendable	13,293	-	13,293
Restricted	-	85	85
Unassigned	606,078	-	606,078
Total Fund Balances	619,371	85	619,456
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,429,372	$ 85	$ 2,429,457

See accompanying notes which 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
SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds	$ 619,456
Amounts reported for governmental activities in the statement of net position are different because:	
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the Assets	3,859,786
Accumulated Depreciation	(2,592,590)
Deferred Outflows of Resources	
Related to Pensions	52,469
Long-Term Liabilities	
Long-term liabilities, including capital leases payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated Absences	(14,525)
Net Pension Liability	(141,874)
Deferred Inflows of Resources	
Related to Pensions	(3,149)
Revenues	
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.	8,057
Total Net Position of Governmental Activities	$ 1,787,630

See accompanying notes which 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, 2020

	General Fund	Nonmajor SPLOST Fund	Total Governmental Funds
Revenues			
Taxes			
Property Tax	$ 217,646	$ -	$ 217,646
Sales Tax	461,695	-	461,695
Other Taxes	224,039	-	224,039
Licenses and Permits	14,805	-	14,805
Intergovernmental	164,538	24,894	189,432
Charges for Services	6,148	-	6,148
Fines and Forfeitures	7,584	-	7,584
Miscellaneous Revenues	42,460	-	42,460
Total Revenues	1,138,915	24,894	1,163,809
Expenditures			
Current			
General Government	237,680	-	237,680
Judicial	24,463	-	24,463
Public Safety	186,599	13,965	200,564
Public Works	317,178	-	317,178
Culture and Recreation	43,062	-	43,062
Housing and Development	40,509	-	40,509
Capital Outlay	-	10,929	10,929
Debt Service			
Principal	78,796	-	78,796
Interest	1,352	-	1,352
Total Expenditures	929,639	24,894	954,533
Excess (Deficiency) of Revenues Over (Under) Expenditures	209,276	-	209,276
Other Financing Sources (Uses)			
Proceeds From the Sale of Assets	75,503	-	75,503
Total Other Financing Sources (Uses)	75,503	-	75,503
Net Change in Fund Balances	284,779	-	284,779
Fund Balances - Beginning of Year	334,592	85	334,677
Fund Balances - End of Year	$ 619,371	$ 85	$ 619,456

See accompanying notes which 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, 2020

Net Change in Fund Balances - Total Governmental Funds	$	284,779
Amounts reported for governmental activities in the statement of activities are different because:		
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. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Total Capital Outlays		186,681
Total Depreciation		(131,922)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(45,892)
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		(1,082)
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:		
Principal Payments		78,796
Compensated Absences		(5,300)
Net Pension Liability		(34,295)
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		20,962
Revenues		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		1,133
Change in Net Position of Governmental Activities	$	353,860

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 811,362	$ 811,362	$ 903,380	$ 92,018
Licenses and Permits	11,500	11,500	14,805	3,305
Intergovernmental	87,940	87,940	164,538	76,598
Charges for Services	5,200	5,200	6,148	948
Fines and Forfeitures	36,750	36,750	7,584	(29,166)
Investment Earnings	1,300	1,300	-	(1,300)
Miscellaneous	57,550	57,550	42,460	(15,090)
Total Revenues	1,011,602	1,011,602	1,138,915	127,313
Expenditures				
Current				
General Government				
Governing Body	18,480	18,480	18,767	(287)
Board of Elections/Registrations	500	500	4,608	(4,108)
Financial Administration	39,000	39,000	42,801	(3,801)
City Facilities	206,532	206,532	171,504	35,028
Judicial				
Municipal Court	28,540	28,540	24,463	4,077
Public Safety				
Police	429,000	429,000	104,120	324,880
Custody of Prisoners	2,000	2,000	-	2,000
Fire Administration	52,390	52,390	61,494	(9,104)
Animal Control	7,050	7,050	20,985	(13,935)
Public Works				
Highways and Streets	47,400	47,400	219,004	(171,604)
Solid Waste and Recycling	53,375	53,375	54,371	(996)
Cemetery	67,425	67,425	43,803	23,622
Culture and Recreation				
Parks and Recreation	31,550	31,550	43,062	(11,512)

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
(CONTINUED)

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Housing and Development				
Protective Inspection Administration	$ 7,000	$ 7,000	$ 4,108	$ 2,892
Economic Development and Assistance	45,460	45,460	32,539	12,921
Main Street	-	-	3,766	(3,766)
Special Events	500	500	96	404
Debt Service				
Principal	22,600	22,600	78,796	(56,196)
Interest	2,800	2,800	1,352	1,448
Total Expenditures	1,061,602	1,061,602	929,639	131,963
Excess of Revenue Over (Under) Expenditure	(50,000)	(50,000)	209,276	259,276
Other Financing Sources (Uses)				
Transfers From Other Funds	50,000	50,000	-	(50,000)
Proceeds From the Sale of Assets	-	-	75,503	75,503
Total Other Financing Sources (Uses)	50,000	50,000	75,503	25,503
Net Change in Fund Balances	-	-	284,779	284,779
Fund Balances - Beginning of Year	334,592	334,592	334,592	-
Fund Balances - End of Year	$ 334,592	$ 334,592	$ 619,371	$ 284,779

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	**Natural Gas Fund**	**Total**
Assets			
Current Assets			
Cash and Cash Equivalents	$ 287	$ -	$ 287
Restricted Cash	-	584,747	584,747
Accounts Receivable, Net	107,565	6,445	114,010
Due From Other Funds	520,520	1,544,885	2,065,405
Prepaid Items	19,372	2,425	21,797
Total Current Assets	647,744	2,138,502	2,786,246
Long-Term Assets			
Investment - Joint Venture	-	3,940,446	3,940,446
Capital Assets			
Nondepreciable	251,419	-	251,419
Depreciable, Net	5,934,538	42,489	5,977,027
Total Long-Term Assets	6,185,957	3,982,935	10,168,892
Total Assets	6,833,701	6,121,437	12,955,138
Deferred Outflows of Resources			
Related to Pensions	34,979	9,418	44,397
Total Deferred Outflows of Resources	34,979	9,418	44,397

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020
(CONTINUED)

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	**Natural Gas Fund**	**Total**
Liabilities			
Current Liabilities			
Accounts Payable	$ 16,031	$ 155,816	$ 171,847
Salaries and Benefits Payable	2,077	331	2,408
Accrued Interest	2,914	46,460	49,374
Due To Other Funds	305,616	-	305,616
Due To Other Governments	-	4,988	4,988
Customer Deposits	59,107	31,098	90,205
Bonds Payable	32,713	75,000	107,713
Notes Payable	21,519	177,883	199,402
Compensated Absences	2,951	7,552	10,503
Total Current Liabilities	442,928	499,128	942,056
Long-Term Liabilities			
Bonds Payable	1,651,017	1,407,927	3,058,944
Notes Payable	208,462	2,522,117	2,730,579
Net Pension Liability	94,583	25,465	120,048
Total long-Term Liabilities	1,954,062	3,955,509	5,909,571
Total Liabilities	2,396,990	4,454,637	6,851,627
Deferred Inflows of Resources			
Related to Pensions	2,099	565	2,664
Total Deferred Inflows of Resources	2,099	565	2,664
Net Position			
Net Investment in Capital Assets	4,272,246	42,489	4,314,735
Restricted for			
Debt Service	79,704	-	79,704
Capital Outlay	-	584,747	584,747
Unrestricted	117,641	1,048,417	1,166,058
Total Net Position	$ 4,469,591	$ 1,675,653	$ 6,145,244

See accompanying notes which 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, 2020

	Business-Type Activities - Enterprise Funds		
Operating Revenues	**Water and Sewer Fund**	**Natural Gas Fund**	**Total**
Charges for Services	$ 815,212	$ 258,187	$ 1,073,399
Miscellaneous	1,718	10,514	12,232
Total Operating Revenues	816,930	268,701	1,085,631
Operating Expenses			
Personal Services	329,035	158,134	487,169
Purchased/Contracted Services	147,125	53,324	200,449
Supplies and Materials	150,973	109,123	260,096
Depreciation	316,814	13,689	330,503
Other Costs	-	12,152	12,152
Total Operating Expenses	943,947	346,422	1,290,369
Operating Income (Loss)	(127,017)	(77,721)	(204,738)
Nonoperating Revenues (Expenses)			
Investment Income - Joint Venture	-	1,551,155	1,551,155
Intergovernmental Revenue	-	164,831	164,831
Intergovernmental Expense	-	(1,714,161)	(1,714,161)
Interest Expense	(53,203)	(94,148)	(147,351)
Total Nonoperating Revenues (Expenses)	(53,203)	(92,323)	(145,526)
Change in Net Position	(180,220)	(170,044)	(350,264)
Net Position - Beginning of Year	4,649,811	1,845,697	6,495,508
Net Position - End of Year	$ 4,469,591	$ 1,675,653	$ 6,145,244

See accompanying notes which 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, 2020

	Business-Type Activities - Enterprise Funds		
Cash Flows from Operating Activities	**Water and Sewer Fund**	**Natural Gas Fund**	**Total**
Cash Received from Customers	$ 98,885	$ (970,189)	$ (871,304)
Cash Paid to Suppliers	(300,112)	(170,426)	(470,538)
Cash Paid to Employees	(327,626)	(166,344)	(493,970)
Net Cash Provided by (Used for) Operating Activities	(528,853)	(1,306,959)	(1,835,812)
Cash Flows from Noncapital Financing Activities			
Intergovernmental Expense	-	(1,714,161)	(1,714,161)
Net Cash Provided by (Used for) Noncapital Financing Activities	-	(1,714,161)	(1,714,161)
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Assets	(68,705)	-	(68,705)
Principal Paid on Debt	(44,359)	(74,257)	(118,616)
Intergovernmental Revenue	-	164,831	164,831
Proceeds from Notes Payable	-	2,700,000	2,700,000
Interest Paid on Debt	(50,289)	(47,688)	(97,977)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(163,353)	2,742,886	2,579,533
Net Increase (Decrease) in Cash and Cash Equivalents	(692,206)	(278,234)	(970,440)
Cash and Cash Equivalents - Beginning of Year	692,493	862,981	1,555,474
Cash and Cash Equivalents - End of Year	$ 287	$ 584,747	$ 585,034

See accompanying notes which 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, 2020
(CONTINUED)

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	**Natural Gas Fund**	**Total**
Reconciliation of Cash Equivalents			
Cash	$ 287	$ -	$ 287
Restricted Cash	-	584,747	584,747
Total Cash and Cash Equivalents	$ 287	$ 584,747	$ 585,034
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Net Operating Loss	$ (127,017)	$ (77,721)	$ (204,738)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	316,814	13,689	330,503
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	7,538	5,638	13,176
(Increase) Decrease in Due From Other Funds	(520,520)	(1,244,733)	(1,765,253)
(Increase) Decrease in Prepaids	(3,178)	2,819	(359)
(Increase) Decrease in Deferred Outflows of Resources	721	194	915
Increase (Decrease) in Accounts Payable	1,164	126,536	127,700
Increase (Decrease) in Due To Other Funds	(206,025)	(126,744)	(332,769)
Increase (Decrease) in Due To Other Governments	-	1,562	1,562
Increase (Decrease) in Customer Deposits	962	205	1,167
Increase (Decrease) in Accrued Expenses	(8,201)	(10,797)	(18,998)
Increase (Decrease) in Net Pension Liability	22,864	6,156	29,020
Increase (Decrease) in Deferred Inflows of Resources	(13,975)	(3,763)	(17,738)
Total Adjustments	(401,836)	(1,229,238)	(1,631,074)
Net Cash Provided by (Used for) Operating Activities	$ (528,853)	$ (1,306,959)	$ (1,835,812)

See accompanying notes which are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

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.

Reporting Entity

As required by GAAP, the financial statements of the reporting entity include those of the City of Union Point (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in GASB Statement 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 Unit

Based on the aforementioned criteria, the component unit column in the government-wide financial statements includes the financial data of the City's component unit. The 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.

(1) Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, if any. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's public utilities and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(1) Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Property taxes, local option sales taxes, other taxes, intergovernmental revenues, interest, and charges for services associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise fund is 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 nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

> *General Fund* - The General Fund is the government'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 government reports the following major proprietary 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.

Additionally, the government reports the following fund type:

> *Capital Projects Funds* - Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

(1) Summary of Significant Accounting Policies (Continued)

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Receivables

Receivables and due from other governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the year are referred to as either "due to / from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired subsequent to October 1, 2003) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Property, plant, and equipment with individual costs that equal or exceed $5,000 are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Infrastructure	15-99 Years
Buildings and Improvements	15-50 Years
Water and Sewer Distribution System	20-50 Years
Vehicles	4 Years
Furniture and Fixtures	10 Years
Equipment	10 Years
Computer Equipment	5 Years
Heavy Machinery	5 Years

(1) Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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 assets 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, deferred outflow of resources related to the pension plans. 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 assets 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 arise 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. 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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(1) Summary of Significant Accounting Policies (Continued)

Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance in accordance with GASB 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 Mayor and Council through adoption of a resolution. The Mayor and Council also may modify or rescind the commitment.

Assigned - amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Through resolution, Mayor and Council have 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, 2020:

	General Fund	Nonmajor Governmental	Total
Fund Balances			
Nonspendable			
Prepaids	$ 13,293	$ -	$ 13,293
Restricted			
Capital Outlay	-	85	85
Unassigned	606,078	-	606,078
Total Fund Balance	$ 619,371	$ 85	$ 619,456

(1) Summary of Significant Accounting Policies (Continued)

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The City purchases commercial insurance for most types of risk. For these risks, settlements have not exceeded coverage for each of the past three years. The City had no significant reduction in insurance coverage from coverage in the prior year.

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. 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 City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

(2) Budgets and Budgetary Accounting

Budget Process

The annual budget document is the financial plan for the operation of the City of Union Point. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the City.

An annual operating budget is prepared for the General Fund. A project-length budget is adopted for all Capital Projects Funds. Annual operating budgets are prepared for each enterprise fund for planning, control, cost allocation, and evaluation purposes.

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

- Prior to October 1, the Treasurer and the Council Budget Committee prepare a proposed budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
- The Treasurer and Council Budget Committee submit the proposed budget to the Mayor and Council.
- Public hearings are held to obtain taxpayer comments.
- The budget is legally enacted through passage of a resolution.
- All revisions to the budget must be submitted to the City Council for approval.
- The budgets are prepared and adopted on a basis consistent with generally accepted accounting principles.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control for these budgets is the departmental level.
- 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.
- Budgetary appropriations lapse at the end of the fiscal year.

(2) Budgets and Budgetary Accounting (Continued)

Excess of Expenditures Over Appropriations

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

Fund	Amount
General Fund	
Governing Body	$ 287
Board of Elections/Registrations	4,108
Financial Administration	3,801
Fire Administration	9,104
Animal Control	13,935
Highways and Streets	171,604
Solid Waste and Recycling	996
Parks and Recreation	11,512
Main Street	3,766
Debt Service - Principal	56,196

(3) Deposits and Investments

Custodial Credit Risk - Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the City's deposits may not be recovered. The City's bank balances of deposits as of September 30, 2020, 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 Risk

Georgia law authorizes the City to invest in the following types of obligations: obligations of the State of Georgia or any other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; prime banker's acceptance; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. At September 30, 2020, the City's only investments were in certificates of deposit.

Investments	Maturity	Amount
Certificates of Deposit - General Fund	12 Months	$ 2,556

(4) Property Taxes

State law requires that property taxes be based on assessed value, which is 40 percent 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. Property tax 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 40 percent of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40 percent level is not reached.

For most vehicles purchased after March 1, 2013, motor vehicle taxes are due upon the transfer of title and based on the fair value of the vehicle. For vehicles not subject to title ad valorem tax, the Tax Commissioner sends annual tax notices due by the owner's birthday. 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)
Assessment Date	January 1
Levy Date	December 15
Due Date and Collection Date	February 15

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. Property taxes not collected within 60 days of year-end are reported as deferred inflows of resources - unavailable revenues on the governmental funds balance sheet but are recognized as revenue in the government-wide financial statements.

(5) Receivables

Receivables as of September 30, 2020, consist of the following:

	General	Water and Sewer Fund	Natural Gas Fund	Total
Receivables				
Taxes	$ 13,842	$ -	$ -	$ 13,842
Accounts	19,028	158,723	20,608	198,359
Intergovernmental	180,797	-	-	180,797
Gross Receivables	213,667	158,723	20,608	392,998
Less Allowance for Uncollectibles	(5,262)	(51,158)	(14,163)	(70,583)
Total Net Receivables	$ 208,405	$ 107,565	$ 6,445	$ 322,415

(6) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2020, is as follows:

Due To / From Other Funds

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	General Fund	$ 520,520
Natural Gas Fund	Water and Sewer Fund	305,616
Natural Gas Fund	General Fund	1,239,269
		$ 2,065,405

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.

(7) Capital Assets

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 21,040	$ -	$ -	$ 21,040
Construction in Progress	-	31,350	-	31,350
Total Capital Assets Not Being Depreciated	21,040	31,350	-	52,390
Capital Assets Being Depreciated				
Infrastructure	744,530	-	-	744,530
Site Improvements	242,418	-	-	242,418
Buildings	1,395,903	-	-	1,395,903
Equipment	538,575	97,257	-	635,832
Vehicles	844,783	58,074	(114,144)	788,713
Total Capital Assets Being Depreciated	3,766,209	155,331	(114,144)	3,807,396
Less Accumulated Depreciation for				
Buildings	(447,562)	(38,992)	-	(486,554)
Machinery and Equipment	(143,061)	(6,988)	-	(150,049)
Furniture and Fixtures	(715,340)	(30,459)	-	(745,799)
Vehicles	(438,563)	(37,761)	-	(476,324)
Infrastructure	(784,394)	(17,722)	68,252	(733,864)
Total Accumulated Depreciation	(2,528,920)	(131,922)	68,252	(2,592,590)
Total Capital Assets Being Depreciated, Net	1,237,289	23,409	(45,892)	1,214,806
Governmental Activities Capital Assets, Net	$ 1,258,329	$ 54,759	$ (45,892)	$ 1,267,196

(7) Capital Assets (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	$ 22,044	$ -	$ -	$ 22,044
Site Improvements	4,425	-	-	4,425
Construction in Progress	156,245	68,705	-	224,950
Total Capital Assets	182,714	68,705	-	251,419
Capital Assets Being Depreciated				
Infrastructure	10,849,033	-	-	10,849,033
Buildings	94,183	-	-	94,183
Equipment	835,500	-	-	835,500
Vehicles	227,447	-	-	227,447
Total Capital Assets Being Depreciated	12,006,163	-	-	12,006,163
Less Accumulated Depreciation				
Infrastructure	(4,637,085)	(298,210)	-	(4,935,295)
Buildings	(51,779)	(3,465)	-	(55,244)
Equipment	(797,175)	(17,426)	-	(814,601)
Vehicles	(212,595)	(11,401)	-	(223,996)
Total Accumulated Depreciation	(5,698,634)	(330,502)	-	(6,029,136)
Total Capital Assets Being Depreciated, Net	6,307,529	(330,502)	-	5,977,027
Business-Type Activities Capital Assets, Net	$ 6,490,243	$ (261,797)	$ -	6,228,446
			Less Capital Related Outstanding Debt	(1,913,711)
			Net Investment in Capital Assets	$ 4,314,735

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 of $1,500,000 is not included in the related long-term debt outstanding for the calculation of the net investment in capital assets.

(7) Capital Assets (Continued)

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

Governmental Activities	
General Government	$ 40,535
Public Safety	42,120
Public Works	49,267
Total Depreciation Expense - Governmental Activities	$ 131,922
Business-Type Activities	
Water and Sewer	$ 316,813
Gas System	13,689
Total Depreciation Expense - Business-Type Activities	$ 330,502

(8) Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	$ 9,225	$ 5,300	$ -	$ 14,525	$ 14,525
Capital Lease Payable	78,796	-	(78,796)	-	-
Net Pension Liability	107,579	34,295	-	141,874	-
Governmental Activity Long-Term Liabilities	$ 195,600	$ 39,595	$ (78,796)	$ 156,399	$ 14,525
Business-Type Activities					
Compensated Absences	$ 14,994	$ -	$ (4,491)	$ 10,503	$ 10,503
Notes Payable	242,510	2,700,000	(12,529)	2,929,981	199,402
Revenue Bonds Payable					
2008 Bonds	612,346	-	(10,439)	601,907	10,919
2013 Bonds	1,575,000	-	(75,000)	1,500,000	75,000
2013 Bonds Discount	(17,816)	-	742	(17,074)	-
2015A Bonds	916,405	-	(17,758)	898,647	18,093
2015B Bonds	186,809	-	(3,632)	183,177	3,701
Net Pension Liability	91,028	29,020	-	120,048	-
Business-Type Activity Long-Term Liabilities	$ 3,621,276	$ 2,729,020	$ (123,107)	$ 6,227,189	$ 317,618

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 Gas System Fund.

(8) Long-Term Debt

Governmental Activities

Capital Lease Payable

During fiscal year 2020, the City paid off the remaining balance owed to Georgia Municipal Association, Inc. for the financing of three police vehicles.

Business-Type Activities

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 percent 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 2020 for the GEFA loan was $5,332.

Annual debt service requirements to maturity for this note payable as of September 30 are as follows:

Year	Principal	Interest
2021	$ 21,519	$ 8,250
2022	17,805	6,010
2023	18,347	5,469
2024	18,905	4,911
2025	19,480	4,336
2026-2030	106,654	12,423
2031	27,271	514
Total	$ 229,981	$ 41,913

The Natural Gas Fund is obligated under a 10-year term note to the Farmers and Merchants Bank. The total amount of the loan is $2,700,000. The payments on this loan are to be made monthly in the amount of $18,786 at an interest rate of 3.094 percent, with a final payment of $1,061,797 due on June 8, 2030. The purpose of the note is to finance a Tri-County Natural Gas System joint project with the City of Greensboro. During fiscal year 2020, the City received $56,183 from Tri-County Natural Gas System as reimbursement for principal and interest paid by the City on this note. Annual debt service requirements to maturity for this note payable as of September 30 are as follows:

Year	Principal	Interest
2021	$ 177,883	$ 71,029
2022	149,554	75,876
2023	154,245	71,185
2024	158,898	66,533
2025	164,067	61,364
2026-2030	1,895,353	218,453
Total	$ 2,700,000	$ 564,440

(8) Long-Term Debt (Continued)

Business-Type Activities (Continued)

Revenue Bonds

The City of Union Point, Georgia has three series of bonds outstanding at September 30, 2020. 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 percent. Principal and interest are payable in monthly installments of $3,151. Total interest paid for fiscal year 2020 was $27,373. Annual debt service requirements to maturity for this bond issue are as follows:

Year	Principal	Interest
2021	$ 10,919	$ 26,893
2022	11,421	26,391
2023	11,946	25,866
2024	12,496	25,316
2025	13,071	24,741
2026-2030	74,943	114,117
2031-2035	93,837	95,223
2036-2040	117,495	71,565
2041-2045	147,117	41,943
2046-2049	108,662	7,925
Total	$ 601,907	$ 459,980

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.

(8) Long-Term Debt (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

2013 Series (Continued)

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 2.0 percent. Principal and interest are payable in annual installments ranging from $45,000 to $90,000. During fiscal year 2020, the City received $108,648 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 2020 was $59,316. Annual debt service requirements to maturity for this bond issue are as follows:

Year	Principal	Interest
2021	$ 75,000	$ 56,972
2022	75,000	54,628
2023	75,000	52,284
2024	85,000	49,625
2025	45,000	47,350
2026-2030	235,000	212,275
2031-2035	295,000	160,534
2036-2040	360,000	93,534
2041-2043	255,000	16,681
Total	$ 1,500,000	$ 743,883

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 Georgia or any political subdivision thereof, including the City, and do not obligate such State or City levy or 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.

(8) Long-Term Debt (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

2015A Series and 2015B Series (Continued)

The Series 2015A Bonds were issued in the original amount of $976,000 bearing interest at 1.875 percent. Principal and interest are payable monthly in installments of $2,899. The Series 2018B Bonds were issued in the original amount of $199,000 bearing interest at 1.875 percent. Principal and interest are payable monthly in installments of $592. Total interest paid for fiscal year 2020 was $17,030 and $3,472 for the Series 2015A Bonds and Series 2015B Bonds, respectively.

Annual debt services requirements to maturity for the 2015A and 2015B Bonds are as follows:

	2015A Bonds		2015B Bonds	
Year	Principal	Interest	Principal	Interest
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	19,501	15,287	3,989	3,115
2026-2030	103,181	70,759	21,077	14,443
2031-2035	113,313	60,627	23,143	12,377
2036-2040	124,441	49,499	25,416	10,104
2041-2045	136,662	37,278	27,912	7,608
2046-2050	150,083	23,857	30,691	4,829
2051-2055	162,569	9,118	31,461	1,806
2056	14,445	50	4,259	9
Total	$ 898,647	$ 331,175	$ 183,177	$ 67,478

(9) Employee Retirement Plans

Georgia Municipal Employees Benefit System Plan

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.

(9) Employee Retirement Plans (Continued)

Georgia Municipal Employees Benefit System Plan (Continued)

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.

Plan Membership

As of January 1, 2020, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees and Beneficiaries Currently Receiving Benefits	16
Terminated Employees Entitled to Benefits but Not Yet Receiving Them	14
Current Active Employees	7
Nonvested Benefits	14
Total Membership in the Plan	51

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 percent 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, 2020, the City reported a net pension liability. The net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2020. An expected total pension liability as of September 30, 2020, was determined using standard roll-forward techniques.

For the year ended September 30, 2020, the City recognized pension expense relative to GMEBS in the amount of $67,230. At September 30, 2020, 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	$ 39,317	$ -
Changes of Assumptions	15,833	-
Net Investment Income	-	5,813
Employer Contributions Subsequent to the Measurement Date	41,716	-
	$ 96,866	$ 5,813

(9) Employee Retirement Plans (Continued)

Georgia Municipal Employees Benefit System Plan (Continued)

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

City contributions subsequent to the measurement date of September 30, 2019, 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense for the years ended September 30 are as follows:

Year	Amount
2022	$ 23,025
2023	8,121
2024	11,517
2025	6,674
2026	-

Actuarial Assumptions

The total pension liability as of September 30, 2020, was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increase	2.25%, plus service-based merit increases
Investment Rate of Return	7.375%, On-going basis, based on long-term expected rate of return of pension plan investments

Mortality rates were based on the Sex-distinct Pre-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The mortality and economic actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2019.

(9) Employee Retirement Plans (Continued)

Georgia Municipal Employees Benefit System Plan (Continued)

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

Net Pension Liability

The net pension liability changes for the fiscal year ended September 30, 2020, were as follows:

Changes in the Net Pension Liability	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning of Year	$ 933,436	$ 734,829	$ 198,607
Changes for the Year			
Service Cost	13,265	-	13,265
Interest	69,726	-	69,726
Differences Between Expected and Actual Experience	16,029	-	16,029
Contributions - Employer	-	39,698	(39,698)
Net Investment Income	-	21,524	(21,524)
Benefit Payments	(58,905)	(58,905)	-
Administrative Expense	-	(5,828)	5,828
Other	29,429	9,740	19,689
Net Changes	69,544	6,229	63,315
End of Year	$ 1,002,980	$ 741,058	$ 261,922

The City's pension liability is recorded in the government-wide statement of net position for governmental activities and business-type activities in the amounts of $141,874 and $120,048, respectively.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.41%
International Equity	20%	6.96%
Real Estate	10%	4.76%
Global Fixed Income	5%	3.06%
Domestic Fixed Income	20%	1.96%
Cash	0%	
Total	100%	

(9) Employee Retirement Plans (Continued)

Georgia Municipal Employees Benefit System Plan (Continued)

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

Net Pension Liability (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.375 percent. 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 7.375 percent, 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 (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	$ 382,150	$ 261,922	$ 160,702

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 publicly 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 are eligible to participate in the plan. Eligible employees are fully vested upon admission to the plan. At September 30, 2020, there were 10 active participants.

Under the terms of the plan, the City will make a contribution to eligible participants equal to 50 percent of the employee's contribution to the Section 401 Deferred Compensation Plan, up to a maximum of 4 percent of salary. Total contributions by Union Point for 2020 were $8,003 by the employer and $16,005 by employees. The City's total payroll for the year ended September 30, 2020, was $687,823. Plan provisions and contribution requirements are established and may be amended by the Mayor and Council of the City of Union Point, Georgia.

(10) Special Funding Defined Benefit Pension Plan

Georgia Firefighters' Pension Fund

The City's volunteer firefighters 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's financial statements.

(11) 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, and 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 costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

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

(12) Contingent Liabilities

Litigation

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

Grants

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

(13) Joint Ventures

A joint venture has the following characteristics:

- It is a legal entity that results from a contractual arrangement.
- It is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control.
- 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 Council 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.

(14) Related Party

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, 2020, the Authority made payments of $9,282 "in lieu of taxes".

(15) Joint Venture – Tri-County Natural Gas System

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 Maxeys, 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. In fiscal year 2020, the City made payments of $1,714,161 to Tri-County Natural Gas System and received $164,831 from Tri-County Natural Gas System as reimbursement for debt service payments.

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

Investment, October 1, 2019	$	2,389,291
Union Point's Share of Net Income		1,551,155
Investment, September 30, 2020	$	3,940,446

See Note 8, Long-Term Debt, for information about debt incurred to assist with the joint venture.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNION POINT, GEORGIA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service Cost	**$ 13,265**	$ 12,533	$ 11,774	$ 13,317	$ 12,768	$ 11,682
Interest on Total Pension Liability	**69,726**	66,154	59,119	57,885	54,568	51,591
Difference Between Expected and Actual Experience	**16,029**	22,962	62,375	(9,398)	15,102	19,527
Changes of assumptions	**-**			-	-	(8,007)
Benefit Payments, Including Refunds of Employee Contributions	**(58,905)**	(50,612)	(51,705)	(40,065)	(39,201)	(33,562)
Other	**29,429**	-	12,162	-	-	-
Net Change in Total Pension Liability	**69,544**	51,037	93,725	21,739	43,237	41,231
Total Pension Liability - Beginning of Year	**933,436**	882,399	788,674	766,935	723,698	682,467
Total Pension Liability - End of Year	**$ 1,002,980**	$ 933,436	$ 882,399	$ 788,674	$ 766,935	$ 723,698
Plan Fiduciary Net Position						
Contributions - Employer	**$ 39,698**	$ 30,293	$ 30,158	$ 24,837	$ 23,658	$ 22,858
Net Investment Income	**21,524**	68,725	92,545	63,962	7,341	61,788
Benefit Payments, Including Refunds of Member Contributions	**(58,905)**	(50,612)	(51,705)	(40,065)	(39,201)	(33,562)
Administrative Expenses	**(5,828)**	(5,232)	(5,687)	(2,726)	(3,147)	(2,570)
Other	**9,740**	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	**6,229**	43,174	65,311	46,008	(11,349)	48,514
Plan Fiduciary Net Position - Beginning of Year	**734,829**	691,655	626,344	580,336	591,685	543,171
Plan Fiduciary Net Position - End of Year	**$ 741,058**	$ 734,829	$ 691,655	$ 626,344	$ 580,336	$ 591,685
City's Net Pension Liability - Ending	**$ 261,922**	$ 198,607	$ 190,744	$ 162,330	$ 186,599	$ 132,013
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**73.89%**	78.72%	78.38%	79.42%	75.67%	81.76%
Covered-Employee Payroll	**$ 569,820**	$ 546,870	$ 539,331	$ 457,750	$ 532,647	$ 491,383
Net Pension Liability as a Percentage of Covered-Employee Payroll	**45.97%**	36.32%	35.37%	35.46%	35.03%	26.87%

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

See accompanying notes which are an integral part of this schedule.

CITY OF UNION POINT, GEORGIA
SCHEDULE OF CITY CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	2020*	2019	2018	2017	2016	2015
Schedule of City Contributions						
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)	$ -	$ -	$ -	$ -	$ -	$ 188
City's Covered-Employee Payroll	**$ -**	$ 546,870	$ 539,331	$ 457,750	$ 532,647	$ 491,383
Contributions as a Percentage of Covered-Employee Payroll	N/A	7.11%	5.54%	6.59%	4.66%	4.78%

* 2020 information will be determined after fiscal year end and will be included in the 2021 valuation report.

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

See accompanying notes which are in integral part of this schedule.

Changes of Assumptions

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

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

Benefit Changes

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

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2020, 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, 2021.

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.

Actuarial Assumptions

Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service-based merit increases
Cost of Living Adjustments	0.00%
Retirement Age for Inactive Vested Participants	65 years
Mortality	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 Sex-distinct Pri-2012 head-count weighed Disabled Retiree Mortality Table with rates multiplied by 1.25 1994 Group Annuity Reserving Unisex Table for Plan termination basis (all lives)

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SUPPLEMENTARY INFORMATION

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CITY OF UNION POINT, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Estimated Cost	Expenditures		
		Prior Year(s)	Current Year	Total
2015 Referendum				
Fire Protection Facilities and Equipment	$ 250,000	$ 83,140	$ 24,894	$ 108,034
Total 2015 Referendum	$ 250,000	$ 83,140	$ 24,894	$ 108,034

CITY OF UNION POINT, GEORGIA
BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2020

Assets		
Cash and Cash Equivalents	$	8,572
Total Assets	$	8,572
Liabilities		
Accounts Payable	$	4,697
Total Liabilities		4,697
Fund Balance		
Unassigned		3,875
Total Fund Balance		3,875
Total Liabilities and Fund Balance	$	8,572

CITY OF UNION POINT, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Revenues		
Intergovernmental	$	10,000
Special Events		1,000
Miscellaneous		2,826
Total Revenues		13,826
Expenditures		
Current		
Advertising		525
Fees and Dues		7,113
Other Purchased Services		916
Supplies		2,832
Repairs and Maintenance		14,644
Total Expenditures		26,030
Net Change in Fund Balance		(12,204)
Fund Balance - Beginning of Year		16,079
Fund Balance - End of Year	$	3,875

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GOVERNMENTAL REPORTS

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

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May 20, 2024

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

Mayor and Council
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** (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 20, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 2020-001, 2020-002, 2020-003, and 2020-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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 2020-005, and 2020-006.

City of Union Point, Georgia's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City'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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

CITY OF UNION POINT, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2020

(1) 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 *Governmental Auditing Standards*:

2020-001 Timely Financial Reporting

CRITERIA
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 / CONTEXT
The City's financial records contained material errors, which were identified and corrected subsequent to fiscal year end September 30, 2020. As a result, the City was not ready for audit in time to meet the state auditor submission deadline.

EFFECT
During the fiscal year, the City's financial records contained material errors that were not adjusted in a timely manner.

CAUSE
The City lacked proper internal control structure over accounting and financial reporting.

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. The City should establish new internal due dates that require the accounting records to be ready for the annual audit within 75 days after the fiscal year end of September 30th.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. Personnel turnover resulted in significant delays in the financial reporting process. The staff is currently receiving training to ensure month-end reconciliations and accruals are completed on a timely basis.

(1) Financial Statement Findings (Continued)

2020-002 General Ledger Maintenance

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.

CONDITION

During fiscal year 2020 audit procedures, we noted the following:

- The City did not reverse prior year local option sales tax receivable and did not record current year local option sales tax receivable.
- The City's interfund balances were not properly stated.
- The City overstated Construction in Progress in the Natural Gas Fund.

CONTEXT

Material audit adjustments were required as follows:

- General Fund
  - Decrease local option sales tax and receivables by $40,608.
  - Increase local option sales tax and receivables by $41,004.
  - Increase Due to Natural Gas Fund by $108,473.
- Natural Gas Fund
  - Increase Due from General Fund by $108,473.
  - Decrease Construction in Progress by $292,402.

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 and balances in the above condition are being recorded properly.

RECOMMENDATION

We recommend that the City develop controls to ensure transactions and balances in the above condition are recorded properly.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. Personnel turnover resulted in disruptions in the financial reporting process. The staff is currently receiving training to ensure month-end reconciliations and accruals are completed on a timely basis.

(1) Financial Statement Findings (Continued)

2020-003 Long-Term Debt – Natural Gas Fund

CRITERIA
Generally accepted accounting principles require liabilities whose average maturities are greater than one year to be reported as long-term liabilities. Year-end procedures are necessary to ensure that long-term debt related expenses and accruals are recorded in the appropriate period.

CONDITION
The City recorded debt issued during the current year as revenue. In addition, the City did not properly record accrued interest at year-end.

CONTEXT
Material audit adjustments were required as follows:

- Decrease revenue and increase long-term debt liabilities by $2,700,000.
- Increase interest expense and accruals by $64,393.

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

CAUSE
The City's internal controls failed to detect and correct material errors related to the issuance of debt in the current year.

RECOMMENDATION
We recommend that the City review its processes for recording the issuance of debt and implement controls to ensure the proper recording of long-term debt activity.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. The staff is receiving training to ensure the proper recording of proprietary fund debt proceeds and year-end accruals.

(1) Financial Statement Findings (Continued)

2020-004 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
The City's operating bank account was not properly reconciled to the general ledger control account as of September 30, 2020.

CONTEXT
Adjustments were required by the City's consultant several months after the fiscal year ended to reconcile the City's operating account to the general ledger.

EFFECT
The failure to properly reconcile bank accounts on a timely basis resulted in incomplete or inaccurate recording of transactions in the City's financial records. Failure to timely and properly perform bank reconciliations increases the likelihood of misappropriation of funds or errors to go undetected.

CAUSE
The City sustained turnover in the finance department during fiscal year 2020 and reassigned department responsibilities amongst finance employees. During the transition period, the bank reconciliation process was not properly completed.

RECOMMENDATION
The City should enhance internal controls to ensure all City bank accounts are properly and timely reconciled to the City's general ledger.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. Month-end procedures have been updated to ensure bank reconciliations are prepared on a timely basis.

(2) Compliance Findings

2020-005 Budgetary Control – Expenditures Exceeding Appropriations

CRITERIA

In order to comply with the applicable legal requirements regarding budgets, procedures must exist to properly monitor compliance with the State law. The Official Code of Georgia (O.C.G.A.) Section 36-81-3 requires an annual balanced budget for the general fund.

CONDITION

Expenditures in the City's General Fund exceeded appropriations in various departments as of September 30, 2020.

CONTEXT

Expenditures exceeded appropriations as follows:

Fund	Amount
General Fund	
Governing Body	$ 287
Board of Elections/Registrations	4,108
Financial Administration	3,801
Fire Administration	9,104
Animal Control	13,935
Highways and Streets	171,604
Solid Waste and Recycling	996
Parks and Recreation	11,512
Main Street	3,766
Debt Service - Principal	56,196

EFFECT

The City is in violation of O.C.G.A. Section 36-81-3.

CAUSE

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

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. Procedures have been updated to more closely monitor expenditures in relation to approved appropriations.

(2) Compliance Findings (Continued)

2020-006 Debt Covenants

CRITERIA
Certain long-term debt issuances require that a portion of debt proceeds be held separate and, therefore, restricted as certain debt matures. Separate accounts should be maintained by the City as long as the debt is outstanding.

CONDITION
During fiscal year 2020, the City did not comply with debt covenants related to mandatory sinking fund, debt service, debt service reserve and short-lived assets account requirements.

CONTEXT
The City comingled debt proceeds and failed to establish separate restricted bank accounts in accordance with debt covenants and agreements.

EFFECT
The City was not in compliance with debt covenants related to bond issuances.

CAUSE
The City's internal controls and procedures failed to properly restrict assets and net position in accordance with debt issuance agreements entered by the City.

RECOMMENDATION
The City should enhance internal controls and procedures to comply with all debt covenants related to the City's debt issuances.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. The City has established separate bank accounts to comply with debt covenants.