CITY OF WALNUT GROVE, GEORGIA

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2021

CITY OF WALNUT GROVE, GEORGIA

TABLE OF CONTENTS
JUNE 30, 2021

Page

INDEPENDENT AUDITOR'S REPORT 1-2

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:
- Statement of Net Position 3
- Statement of Activities 4

Fund Financial Statements:
- Balance Sheet – Governmental Funds 5
- Reconciliation of Governmental Fund Balance Sheet of Governmental Funds to the Statement of Net Position 6
- Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 7
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 8
- Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: General Fund 9-10
- Statement of Net Position – Proprietary Fund 11
- Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund 12
- Statement of Cash Flows – Proprietary Fund 13-14

Notes to the Financial Statements 15-28

SUPPLEMENTARY INFORMATION

Schedule of Projects Constructed with Special Sales Tax Proceeds 29

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* 30-31

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Walnut Grove
Walnut Grove, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the remaining fund information of the City of Walnut Grove, Georgia as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

1503 Bass Road ■ Post Office Box 6315 ■ Macon, Georgia 31208-6315

Phone 478-742-3313 ■ Facsimile 478-742-0316 ■ www.clhp.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the remaining fund information of the City of Walnut Grove, Georgia as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison of 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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walnut Grove, Georgia's basic financial statements. The schedule of projects constructed with special sales tax proceeds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of projects constructed with special sales tax proceeds 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 is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2022 on our consideration of the City of Walnut Grove, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Walnut Grove, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Walnut Grove, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
March 14, 2022

Clifton, Lepford, Hudson & Parker, LLC

CITY OF WALNUT GROVE, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	$ 1,218,523	$ 444,510	$ 1,663,033	$ 91,441
Receivables, net of allowance				
Taxes	1,201	-	1,201	-
Due from other government	52,362	120	52,482	-
Prepayments	5,510	-	5,510	
Internal balances	(19,535)	19,535	-	-
Capital assets:				
Nondepreciable	931,252	125,000	1,056,252	-
Depreciable	1,248,498	2,280,865	3,529,363	-
Total Assets	3,437,811	2,870,030	6,307,841	91,441
LIABILITIES				
Accounts payable	62,560	2,671	65,231	-
Accrued expenditure	4,554			
Unearned revenue	-	426,000	426,000	-
Noncurrent liabilities				
Due within one year	30,126	37,950	68,076	-
Due in more than one year	160,339	617,361	777,700	-
Total Liabilities	257,579	1,083,982	1,341,561	-
NET POSITION				
Net investment in capital assets	1,989,285	1,750,554	3,739,839	-
Restricted for				
Capital outlay	360,762	-	360,762	-
Unrestricted	830,185	35,494	865,679	91,441
Total Net Position	$ 3,180,232	$ 1,786,048	$ 4,966,280	$ 91,441

The accompanying notes are an integral part of these statements.

CITY OF WALNUT GROVE, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total	Component Unit: Downtown Development Authority
Primary Government:								
Governmental Activities								
General government	$ 446,342	$ 54,695	$ -	$ -	$ (391,647)	$ -	$ (391,647)	$ -
Judicial	2,827	47,341	-	-	44,514	-	44,514	-
Public safety	14,348	-	-	-	(14,348)	-	(14,348)	-
Public works	417,197	9,163	43,796	274,720	(89,518)	-	(89,518)	-
Culture and recreation	57,353	-	-	-	(57,353)	-	(57,353)	-
Interest on long-term debt	6,791	-	-	-	(6,791)	-	(6,791)	-
Total governmental activities	944,858	111,199	43,796	274,720	(515,143)	-	(515,143)	-
Business-Type Activities								
Water & Sewer	129,779	1,524	-	3,456	-	(124,799)	(124,799)	-
Total business-type activities	129,779	1,524	-	3,456	-	(124,799)	(124,799)	-
Total Primary Government	$ 1,074,637	$ 112,723	$ 43,796	$ 278,176	(515,143)	(124,799)	(639,942)	-
Component Unit:								
Downtown Development Authority	$ -	$ -	$ -	$ -	-	-	-	-
General Revenues								
Sales tax					285,290	-	285,290	-
Property tax					204,984	-	204,984	-
Other taxes					330,116	-	330,116	-
Interest earnings					577	47	624	50
Other					4,742	302	5,044	-
Total General Revenues					825,709	349	826,058	50
Transfers					(44,894)	44,894	-	-
Total General Revenues and Transfers					780,815	45,243	826,058	50
Change in Net Position					265,672	(79,556)	186,116	50
Net Position - Beginning of year					2,914,560	1,865,604	4,780,164	91,391
Net Position - End of year					$ 3,180,232	$ 1,786,048	$4,966,280	$ 91,441

The accompanying notes are an integral part of these statements.

CITY OF WALNUT GROVE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	2019 SPLOST Fund	Nonmajor 2013 SPLOST Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 880,624	$ 288,923	$ 48,976	$ 1,218,523
Receivables, net of allowance				
Taxes	1,201	-	-	1,201
Due from other governments	28,724	23,638	-	52,362
Prepayments	5,510	-	-	5,510
Total Assets	$ 916,059	$ 312,561	$ 48,976	$ 1,277,596
LIABILITIES				
Liabilities:				
Accounts payable	$ 61,785	$ 775	$ -	$ 62,560
Accrued expenditures	4,554	-	-	4,554
Due to other funds	19,535	-	-	19,535
Total Liabilities	85,874	775	-	86,649
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - property taxes	602	-	-	602
Total Deferred Inflow of Resources	602	-	-	602
FUND BALANCES				
Nonspendable	5,510	-	-	5,510
Restricted	-	311,786	48,976	360,762
Unassigned	824,073	-	-	824,073
Total Fund Balances	829,583	311,786	48,976	1,190,345
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	$ 916,059	$ 312,561	$ 48,976	$ 1,277,596

The accompanying notes are an integral part of these statements.

CITY OF WALNUT GROVE, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:

Total Governmental Fund Balances	$	1,190,345
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the assets		3,971,480
Accumulated depreciation		(1,791,730)
Revenues		
Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		602
Long-term Liabilities		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:		
Bonds payable		(190,466)
Net Position of Governmental Activities	$	3,180,231

The accompanying notes are an integral part of these statements.

CITY OF WALNUT GROVE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	2019 SPLOST Fund	Nonmajor 2013 SPLOST Fund	Total Governmental Funds
Revenues:				
Taxes				
Sales tax	$ 285,290	$ -	$ -	$ 285,290
Property tax	204,801	-	-	204,801
Insurance premium	103,682	-	-	103,682
Franchise taxes	70,869	-	-	70,869
Beer and wine	99,918	-	-	99,918
Motor vehicle	50,167	-	-	50,167
Other	5,480	-	-	5,480
License and permits	54,695	-	-	54,695
Intergovernmental	43,796	274,720	-	318,516
Charges for services	9,163	-	-	9,163
Fines	47,341	-	-	47,341
Interest earnings	577	-	-	577
Other revenues	4,742	-	-	4,742
Total Revenues	980,521	274,720	-	1,255,241
Expenditures:				
Current:				
General government	604,276	-	67	604,343
Judicial	2,827	-	-	2,827
Public safety	13,724	-	-	13,724
Public works	248,247	108,379	-	356,626
Culture and recreation	53,082	-	-	53,082
Debt Service:				
Principal	30,004	-	-	30,004
Interest	6,791	-	-	6,791
Total Expenditures	958,951	108,379	67	1,067,397
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,570	166,341	(67)	187,844
Other Financing Sources (Uses):				
Transfers to other funds	(24,000)	-	(20,894)	(44,894)
Total other financing sources (uses)	(24,000)	-	(20,894)	(44,894)
Net change in fund balances	(2,430)	166,341	(20,961)	142,950
Fund Balance - Beginning of year	832,013	145,445	69,937	1,047,395
Fund Balance - End of year	$ 829,583	$ 311,786	$ 48,976	$ 1,190,345

The accompanying notes are an integral part of these statements.

CITY OF WALNUT GROVE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	$	142,950
Capital Assets		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Total capital outlays		222,846
Total depreciation		(130,311)
Revenues		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		183
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 the 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:		
Bonds		30,004
Change in Net Position of Governmental Activities	$	265,672

The accompanying notes are an integral part of these statements.

CITY OF WALNUT GROVE, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues:				
Taxes:				
Local option sales tax	$ 190,000	$ 220,000	$ 285,290	$ 65,290
Property	200,000	200,000	204,801	4,801
Other taxes:				
Beer and wine	75,000	93,000	99,918	6,918
Insurance premium	100,000	100,000	103,682	3,682
Franchise	69,050	69,050	70,869	1,819
Motor vehicle	25,000	25,000	50,167	25,167
Other	3,000	3,000	5,480	2,480
Total Taxes	662,050	710,050	820,207	110,157
Intergovernmental	-	26,722	43,796	17,074
Licenses and Permits:				
Building permits & licenses	12,400	47,750	54,695	6,945
Total Licenses and Permits	12,400	47,750	54,695	6,945
Fines and Forfeitures:				
Fines	56,500	56,500	47,341	(9,159)
Total Fines and Forfeitures	56,500	56,500	47,341	(9,159)
Charges for Services:				
Sanitation & Streetlights	-	-	3,016	3,016
Other fees	3,850	3,850	6,147	2,297
Total Charges for Services	3,850	3,850	9,163	5,313
Miscellaneous:				
Interest earnings	330	330	577	247
Miscellaneous	2,500	2,500	4,742	2,242
Total Miscellaneous	2,830	2,830	5,319	2,489
Total Revenues	737,630	847,702	980,521	132,819

The accompanying notes are an integral part of these statements.

CITY OF WALNUT GROVE, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)

	Budget Amounts			Variance With Final
	Original	Final	Actual	Budget
Expenditures:				
Current:				
General Government:				
Administrative	$ 394,450	$ 608,057	$ 604,276	$ 3,781
Judicial				
Municipal Court	8,200	8,200	2,827	5,373
Culture and Recreation:				
Library	50,000	50,000	50,000	-
Community Events	17,500	17,500	3,082	14,418
Public Works:				
Street	209,200	197,200	188,752	8,448
Waste Collection	65,000	65,000	59,495	5,505
Public Safety	33,280	17,980	13,724	4,256
Debt Service				
Principal	29,208	30,008	30,004	4
Interest	6,792	6,792	6,791	1
Total expenditures	813,630	1,000,737	958,951	41,786
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,000)	(153,035)	21,570	174,605
Other Financing Sources (Uses):				
Transfers to other funds	(24,000)	(24,000)	(24,000)	-
Total Other Financing Sources (Uses)	(24,000)	(24,000)	(24,000)	-
Net change in fund balances	(100,000)	(177,035)	(2,430)	174,605
Fund Balance - Beginning of year	832,013	832,013	832,013	-
Fund Balance - End of year	$ 732,013	$ 654,978	$ 829,583	$ 174,605

The accompanying notes are an integral part of these statements.

CITY OF WALNUT GROVE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	Water Treatment Plant Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 444,510
Accounts receivable	120
Due from other funds	19,535
Total current assets	464,165
Noncurrent assets:	
Capital assets:	
Non depreciable	125,000
Depreciable, net	2,280,865
Total noncurrent assets	2,405,865
Total Assets	2,870,030
LIABILITIES	
Current liabilities:	
Accounts payable	2,671
Unearned revenue	426,000
Total current liabilities	428,671
Long-term liabilities:	
Due within one year	37,950
Due in more than one year	617,361
Total noncurrent liabilities	655,311
Total Liabilities	1,083,982
NET POSITION	
Net investment in capital assets	1,750,554
Unrestricted	35,494
Total Net Position	$ 1,786,048

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF WALNUT GROVE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Water Treatment Plant Fund
Operating revenues:	
Intergovernmental	$ 3,456
Charges and fees	1,524
Miscellaneous	302
Total operating revenues	5,282
Operating expenses:	
Utilities	5,106
Engineering	30,489
Other operating expenses	234
Repairs and maintenance	7,409
Depreciation	84,475
Total operating expenses	127,713
Total operating income (loss)	(122,431)
Nonoperating revenues (expenses):	
Interest expense	(2,066)
Interest income	47
Total nonoperating revenues (expenses)	(2,019)
Net income before transfers	(124,450)
Transfers in	44,894
Change in net position	(79,556)
Total Net Position - Beginning of Year	1,865,604
Total Net Position - Ending of Year	$ 1,786,048

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF WALNUT GROVE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Water Treatment Plant Fund
Cash Flows from Operating Activities:	
Cash received from customers	$ 18,073
Cash paid to suppliers for goods and services	(42,567)
Net Cash Flows Provided by (Used for) Operating Activities	(24,494)
Cash Flows from Noncapital Financing Activities:	
Interest income	47
Transfers from other funds	44,894
Net Cash Provided by Noncapital Financing Activities	44,941
Cash Flows from Capital and Related Financing Activities:	
Principal paid	(18,828)
Interest paid	(2,066)
Receipt of capital recovery fees	126,000
Net Cash Provided by (Used for) Capital and Related Financing Activities	105,106
Net Increase (Decrease) in Cash and Cash Equivalents	125,553
Cash and Cash Equivalents, Beginning of Year	318,957
Cash and Cash Equivalents, End of Year	$ 444,510

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF WALNUT GROVE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Water Treatment Plant Fund
Reconciliation of Increase (Decrease) in Net Position to Net Cash Used in Operating Activities:	
Total Operating Income	$ (122,431)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	84,477
Changes in Assets and Liabilities:	
(Increase) decrease in due from other funds	13,091
Increase (decrease) in accounts payable	369
Total Adjustments	97,937
Net Cash Provided by (Used for) Operating Activities	$ (24,494)

The notes to the financial statements are an integral part of the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Walnut Grove was incorporated on January 1, 1905 under the provision of an Act of the General Assembly of Georgia. The City of Walnut Grove operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety, streets, sanitation and general administrative services.

The accounting policies of the City of Walnut Grove conform to generally accepted accounting principles as applicable to governments. The following is a summary of the City's more significant policies applied in the preparation of the accompanying financial statements.

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Walnut Grove, Georgia (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 unit discussed below is 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 Statement of Governmental Accounting Standards Board (GASB) No. 61 "The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34," the City's relationships with other governments and agencies have been examined. The financial statement of the component unit has been included as a discretely presented component unit. The component unit columns in the combined financial statements include the financial data for the Downtown Development Authority, as of June 30, 2021. The financial information for the component unit is reported in columns separate from the City's financial information to emphasize that it is legally separate from the City.

Discretely Presented Component Units

The Downtown Development Authority (the "Authority") provides various oversight services for the citizens of the City related to the development of the downtown area. The Authority's governing authority is appointed by the City Council. The Authority's policy is to maintain its financial records on the cash basis of accounting. The Authority is audited along with the primary government financial statements and separate financial statements are not prepared.

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Northeast Georgia Regional Commission (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 organization

structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39-.1 provides that the member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from:

Northeast Georgia Regional Commission
305 Research Drive
Athens, GA 30605

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. 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.

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 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are 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 reported as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. 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 sale and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

2019 Special Purpose Local Option Sales Tax (SPLOST) – The capital project fund is used to account for various projects associated with the approved SPLOST.

The government reports the following major proprietary fund:

Water Treatment Plant Fund – The Water Treatment Plant Fund accounts for the activities of the water treatment facility.

Additionally, the government reports the following fund types:

Capital Projects Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Business-type / Proprietary Funds)

D. Deposits and Investments

The government's cash and cash equivalents are considered 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. Cash deposits are reported at carrying amount which reasonably estimates fair value.

E. Inventory

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption methods of reporting an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is nonspendable, as this amount is not available for general appropriation.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are valued at cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their acquisition value on the date of donation.

General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Lives Governmental Activities
Buildings	10-30 years
Building Improvements	10-15 years
Improvements, other than buildings	10 years
Equipment	5-10 years
Furniture and fixtures	5-7 years
Vehicles	5 years
Infrastructure	20 years

H. Compensated Absences

The vacation benefits granted to full-time, permanent employees are immaterial to the financial statements.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position.

J. Fund Equity

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

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

The following is a summary of the fund balance classifications as of June 30, 2021:

	General Fund	2019 SPLOST	Nonmajor Governmental	Total
Fund Balances				
Nonspendable				
Prepayments	$ 5,510	$ -	$ -	$ 5,510
Restricted for:				
Capital outlay	-	311,786	48,976	360,762
Unassigned	824,568	-	-	824,568
Total fund balances	$ 830,078	$ 311,786	$ 48,976	$ 1,190,840

Net position flow assumption

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

K. 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 these types of risk. For these risks, settlements have not exceeded coverage for the past three years. The City had no significant reduction in insurance coverage from coverage in the prior year.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and so will be not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of

resources (revenue) until that time. The City has one type of item which arises under a modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Process

An annual appropriate budget is adopted for all fund types except fiduciary funds, which are not budgeted and capital projects fund which have project length budgets. Budgets are prepared on the modified accrual basis for governmental type funds and are consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at the end of the fiscal year with the exception of the capital projects funds.

Each year, the City Clerk and Mayor prepare a proposed budget for consideration by the City Council. Prior to the beginning of the new fiscal year, the City holds budget hearings seeking comments and fielding questions from its citizens. After consideration of all comments and a review of the proposed budget, the City Council either approves the original proposed budget or a revised budget, after making appropriate changes.

The budget is prepared on a detailed line item basis. Budgetary control is maintained at the department level of control. Revenues are budgeted by source. Expenditures are budgeted by department. All budget revisions at this level are subject to final review by City Council. Within these control levels, management may transfer appropriations without Council approval.

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that in the event of the failure of the bank, the government will not be able to recover deposits. The City's bank balances of deposits as of June 30, 2021 are entirely insured or collateralized with securities held by the City's agent in the City's name. State statues 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. The City's deposits are categorized to give an indication of the level of risk assumed by the City at fiscal year-end.

The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name

Category 3 - Uncollateralized

B. Investments

Custodial credit risk. For an investment, the custodial risk is the risk that in the event of the failure of the counter-party to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The City had no such investments with such risk as of June 30, 2021.

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. Georgia law allows investments in obligations of the U.S. Treasury, other U.S. Governmental Agencies, State of Georgia, other states, prime banker's acceptances, repurchase agreements, other political subdivisions of Georgia and the Office of State Treasurer. The Office of State Treasurer is not registered with the SEC. Shares sold and redeemed are based on $1.00 per share. The reported value of the pool is the same as the fair value of the pool shares. The Office of State Treasurer is a stable net asset value investment pool that follows Standard & Poor's criteria for AAAf rated money market funds.

The City had no investments at June 30, 2021.

NOTE 4 – PROPERTY TAXES

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

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

Property taxes are levied each year based on assessed values determined the previous January 1. The Mayor and Council officially set the mill rates each year. Property taxes attach an enforceable lien on property as of June 30th of the following year. Judicial property sales are commenced during June and July of the following year.

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment date	January 1	January 1
Levy date	November 15	January 1
Due date and collection date	January 20	Staggered
Lien date	June 20	N/A

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.

NOTE 5 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments consist of the following:

	General Fund	2019 SPLOST	WTP Fund	Total
State of Georgia	$ 24,588	$ -	$ -	$ 24,588
Walton County	4,136	23,638	120	27,894
	$ 28,724	$ 23,638	$ 120	$ 52,482

NOTE 6 – UNEARNED REVENUE

Unearned revenue represents tap fees which were paid for in advance by a developer for projects that will complete it's first phase in fiscal year 2022. The total amount received in advance is $426,000.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

Governmental activities:	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	$ 764,368	$ 166,884	$ -	$ 931,252
Total capital assets not being depreciated	764,368	166,884	-	931,252
Capital assets, being depreciated:				
Buildings	534,469	-	-	534,469
Improvements	2,067,780	-	-	2,067,780
Machinery and equipment	382,017	55,962	-	437,979
Total capital assets being depreciated	2,984,266	55,962	-	3,040,228
Less: accumulated depreciation				
Buildings	(351,236)	(13,730)	-	(364,966)
Improvements	(979,950)	(101,511)	-	(1,081,461)
Machinery and equipment	(330,233)	(15,070)	-	(345,303)
Total accumulated depreciation	(1,661,419)	(130,311)	-	(1,791,730)
Total capital assets being depreciated, net	1,322,847	(74,349)	-	1,248,498
Governmental activities capital assets, net	$ 2,087,215	$ 92,535	$ -	2,179,750
Less related long term debt outstanding				(190,465)
Net investment in capital assets				$ 1,989,285

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 125,000	$ -	$ -	$ 125,000
Total capital assets not being depreciated	125,000	-	-	125,000
Capital assets, being depreciated:				
Buildings	2,093,813	-	-	2,093,813
Improvements	440,481	-	-	440,481
Total capital assets being depreciated	2,534,294	-	-	2,534,294
Less: accumulated depreciation				
Buildings	(139,588)	(69,794)	-	(209,382)
Improvements	(29,366)	(14,681)	-	(44,047)
Total accumulated depreciation	(168,954)	(84,475)	-	(253,429)
Total capital assets being depreciated, net	2,365,340	(84,475)	-	2,280,865
Business-type activities capital assets, net	$ 2,490,340	$ (84,475)	$ -	2,405,865
Less related long term debt outstanding				(655,311)
Net investment in capital assets				$ 1,750,554

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

Governmental Activities:	
General government	$ 8,883
Public safety	624
Public works	116,533
Culture & recreation	4,271
Total depreciation - governmental activites	$ 130,311
Business-type activities:	
Water/sewer plant	$ 84,475
Total depreciation - business-type activities	$ 84,475

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2021 consisted of the following amount:

Receivable Fund	Payable Fund	Amount
Water Treatment Plant Fund	General Fund	$ 19,535

The outstanding balances between funds result mainly from the timing differences between the date that reimbursable expenditures occur and the date the payments between funds are made. The City expects to repay all interfund balances within one year.

Transfers out:	Transfers in:	Amount
General Fund	Water Treatment Plant Fund	$ 24,000
2013 SPLOST	Water Treatment Plant Fund	20,894
Total		$ 44,894

The 2013 SPLOST transferred $20,894 to the Water Treatment Plant Fund to reimburse costs associated with the water treatment plant construction.

NOTE 9 – LONG-TERM DEBT

Revenue Bonds

The City issued tax free bonds in the amount of $425,000 through BB&T Governmental Finance. This bond called for 180 monthly payments of $2,995 beginning May 17, 2012. The bonds have an interest rate of 3.29% and are secured by real estate. The bond proceeds were used to pay off City debt and fund the library project. Interest expense for 2020 was $8,194.
Revenue bond debt service to maturity is as follows:

Year Ended June 30	Principal	Interest	Total
2022	$ 30,126	$ 5,814	$ 35,940
2023	31,132	4,808	35,940
2024	32,172	3,768	35,940
2025	33,246	2,694	35,940
2026	34,357	1,583	35,940
2027	29,432	444	29,876
Total	$ 190,465	$ 19,111	$ 209,576

Georgia Environmental Finance Authority

During 2014, the City obtained financing from the Georgia Environmental Finance Authority (GEFA) to finance its portion of the joint venture with Walton County to construct a water treatment facility. The loan was refinanced from five years to twenty years in December 2017.The total amount of the loan is $850,000. The loan has an interest rate of 0.62%. Total interest expense for 2021 was $2,066. Future maturities are as follows:

Year Ended June 30	Principal	Interest	Total
2022	$ 37,950	$ 3,838	$ 41,788
2023	38,186	3,602	41,788
2024	38,424	3,364	41,788
2025	38,663	3,125	41,788
2026	38,903	2,885	41,788
2027-2031	178,631	9,415	188,046
2032-2036	204,411	4,529	208,940
2037	80,144	140	80,284
Total	$ 655,311	$ 30,898	$ 686,210

Changes in Long-Term Obligations

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2021:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds	$ 220,469	$ -	$ (30,004)	$ 190,465	$ 30,126
Governmental activity Long-term debt	$ 220,469	$ -	$ (30,004)	$ 190,465	$ 30,126
Business-type Activities:					
GEFA	$ 674,139	$ -	$ (18,828)	$ 655,311	$ 37,950
Business-type activities Long-term debt	$ 674,139	$ -	$ (18,828)	$ 655,311	$ 37,950

NOTE 10 – CONTINGENT LIABILITIES

Litigation

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

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 amount, 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.

NOTE 11 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 14, 2022, the date which the financial statements were available to be issued.

CITY OF WALNUT GROVE, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2021

2013 SPLOST	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Special Local Option Sales Tax					
Wastewater Treatment Facility and Infrastructure	$ 850,000	$ 850,000	$ 506,225	$ 20,961	$ 527,186
Streets, Sidewalks, Drainage and Public Parking	100,000	115,000	402,564	-	402,564
	$ 950,000	$ 965,000	$ 908,789	$ 20,961	$ 929,750

Reconciliation of SPLOST expenditures:

SPLOST Fund expenditures-bank service charges	$ 67
Transferred to Water Treatment Plant Proprietary Fund	20,894
	$ 20,961

2019 SPLOST	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Special Local Option Sales Tax				
Sewer System Improvements	$ 400,000	$ 75	$ -	$ 75
Transportation and Traffic Safety	502,605	128,475	108,379	236,854
	$ 902,605	$ 128,550	$ 108,379	$ 236,929

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 City Council
City of Walnut Grove
Walnut Grove, 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 Walnut Grove, Georgia as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Walnut Grove, Georgia's basic financial statements, and have issued our report thereon dated March 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Walnut Grove, Georgia'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 of Walnut Grove, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Walnut Grove, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

1503 Bass Road ■ Post Office Box 6315 ■ Macon, Georgia 31208-6315

Phone 478-742-3313 ■ Facsimile 478-742-0316 ■ www.clhp.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Walnut Grove, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Clifton, Lupford, Hardison & Parker, LLC

Macon, Georgia
March 14, 2022