City of Lake Park, Georgia

Lake Park, Georgia

Financial Statements

For the Year Ended December 31, 2018

City of Lake Park, Georgia

Table of Contents

	Page
Financial Information	
Independent Auditor's Report	1 - 3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Governmental Funds	
Balance Sheet – Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	9
Proprietary Fund	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12
Notes to Financial Statements	13 - 30
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	31
Notes to Required Supplementary Information	32
Schedule of Funding Progress and Schedule of Employer Contributions for GMA Pension Plan	33

Table of Contents

	Page
Compliance Section	
Reports Required by Governmental Auditing Standards	
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*	34 – 35
Schedule of Expenditure of Federal Awards	36
Schedule of Findings and Responses	37 – 42
Reports Required by State Statute or Regulations	
Project Cost Schedules	
One Percent Special Purpose Local Option Sales Tax – 2014 Issue	43

GARY R. ZEIGLER, P.C.

Certified Public Accountants and Business Consultants

609 N. Patterson Street • P. O. Box 1389 • Valdosta, Georgia 31603-1389 • (229) 244-3262 • Fax (229) 247-7286

www.grzeiglercpa.com

Report on Financial Statements Issued in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Mayor and Council
of the City of Lake Park, Georgia
Lake Park, Georgia

Report on the Financial Statements

We have audited the accompanying statement of governmental activities, the business-type activities, and each major fund of the City of Lake Park, Georgia, as of and for the year ended December 31, 2018, and the related notes to 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.

Member: American Institute of Certified Public Accountants • Georgia Society of Certified Public Accountants

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Park, Georgia as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year 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 general fund statement of revenues, expenditures and changes in fund balance – budget and actual and the schedules of funding progress and employer contributions for the City's pension plan, pages 31 through 33, 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 the 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 inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the City of Lake Park, Georgia's financial statements. The accompanying Schedule of Expenditure of Federal Awards and Schedule of Expenditures of One Percent Special Purpose Local Option Sales Tax is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of expenditure of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The Schedule of Expenditures of One Percent Special Purpose Local Option Sales Tax Proceeds is required by the Official Code of Georgia Annotated 48-8-121, and is not a required part of the basic financial statements.

The Schedule of Expenditure of Federal Awards and the Schedule of Expenditure of One Percent Special Purpose Local Option Sales 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 Schedules of Expenditure of Federal Awards and the Schedule of Expenditure of One Percent Special Purpose Local Option Sales Tax are 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 a report dated July 9, 2019, on our consideration of the City of Lake Park, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Park, Georgia's internal control over financial reporting and compliance.



Gary R. Zeigler, P.C.
Valdosta, Georgia

July 9, 2019

City of Lake Park, Georgia
Statement of Net Position
December 31, 2018

Assets and Deferred Outflows of Resources	Primary Government		
	Governmental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 312,747	$ 52,309	$ 365,056
Investments	70,950	67,604	138,554
Receivables, net	130,139	3,650	133,789
Internal Balances	8,311	(8,311)	-
Restricted Assets			
Cash and Cash Equivalents	121,570	8,916	130,486
Capital Assets			
Land and Other Nondepreciable Assets	101,430	-	101,430
Other Capital Assets, Net of Depreciation	573,501	293,313	866,814
Total Capital Assets	674,931	293,313	968,244
Total Assets	1,318,648	417,481	1,736,129
Deferred Outflows of Resources			
Pensions	45,841		45,841
	45,841	-	45,841
Total Assets and Deferred Outflows of Resources	$ 1,364,489	$ 417,481	$ 1,781,970
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts Payable	$ 14,794	$ -	$ 14,794
Accrued Liabilities	6,462	597	7,059
Compensated Absences	5,818		5,818
Deposits		6,450	6,450
Other	7,200		7,200
Net Pension Obligation	99,912		99,912
Long-term Liabilities			
Current Portion of Long-Term Debt	6,744		6,744
Non-Current Portion of Long-Term Debt		-	-
Total Liabilities	140,930	7,047	147,977
Deferred Inflows of Resources			
Pensions	19,353		19,353
	19,353	-	19,353
Net Position			
Investment in Capital Assets, net	668,187	293,313	961,500
Restricted for:			
Capital Projects	240,376		240,376
Memorial Cemetery Trust Fund	102,581		102,581
Unrestricted	193,062	117,121	310,183
Total Net Position	1,204,206	410,434	1,614,640
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,364,489	$ 417,481	$ 1,781,970

The accompanying notes to financial statements are an integral part of this statement.

City of Lake Park, Georgia
Statemnt of Activities
For the Year Ended December 31, 2018

Functions and Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Change in Net Position: Primary Government: Total
Primary Government:							
Governmental Activities							
General Government	$ 194,790	$ 22,797	$ -	$ -	$ (171,993)		$ (171,993)
Judicial	36,038	1,613	-	-	(34,425)		(34,425)
Public Safety	350,520	96,378	-	-	(254,142)		(254,142)
Public Works	131,713	-	22,974	162,839	54,100		54,100
Culture and Recreation	21,679	12,000	-	-	(9,679)		(9,679)
Interest on Long-Term Debt	1,042				(1,042)		(1,042)
Total Governmental Activities	735,782	132,788	22,974	162,839	(417,181)	-	(417,181)
Business Type Activities:							
Water System	68,583	94,263		-		25,680	25,680
Total Business Type Activities	68,583	94,263	-	-		25,680	25,680
Total Primary Government	$ 804,365	$ 227,051	$ 22,974	$ 162,839	$ (417,181)	$ 25,680	$ (391,501)
General Revenues							
Taxes							
Property Taxes					223,361		223,361
Sales Tax					102,633		102,633
Insurance Premium Tax					52,609		52,609
Franchise					51,143		51,143
Alcoholic Beverage					39,478		39,478
Investment					729	110	839
Miscellaneous					5,063		5,063
Transfers					20,700	(20,700)	-
Total General Revenues and Transfers					495,716	(20,590)	475,126
Changes in Net Position					78,535	5,090	83,625
Net Position, Beginning of Period (Restated)					1,125,671	405,344	1,531,015
Net Position, End of Period					$ 1,204,206	$ 410,434	$ 1,614,640

The accompanying notes to financial statements are an integral part of this statement.

City of Lake Park, Georgia
Balance Sheet
Governmental Funds
December 31, 2018

	General	Major Governmental Funds: Special Purpose Local Option Sales Tax	Major Governmental Funds: Memorial Cemetery Trust Fund	Non-Major Governmental Fund: TSplost	Total Governmental Funds
Assets					
Cash and Cash Equivalents	$ 123,586	$ 189,161	$ -	$ -	$ 312,747
Investments	70,950				70,950
Receivables					
Taxes	39,488				39,488
Intergovernmental	9,649	25,563	-	1,523	36,735
Other	53,916				53,916
Interfund	(15,818)	21,420		2,709	8,311
Restricted Assets					-
Cash and Investments	18,989		102,581		121,570
Other					-
Total Assets	$ 300,760	$ 236,144	$ 102,581	$ 4,232	$ 643,717
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
Accounts Payable	$ 14,794	$ -	$ -	$ -	$ 14,794
Accrued Expenses	6,462				6,462
Other	7,200				7,200
Advances from Other Funds	-				-
Total Liabilities	28,456	-	-	-	28,456
Deferred Inflows of Resources					
Unavaliable Revenue - Property Taxes	16,991				16,991
Total Deferred Inflows of Resources	16,991	-	-	-	16,991
Fund Balance					
Nonspendable			102,581		102,581
Restricted		236,144		4,232	240,376
Committed					-
Assigned	18,989				18,989
Unassigned	236,324				236,324
Total Fund Balance	255,313	236,144	102,581	4,232	598,270
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 300,760	$ 236,144	$ 102,581	$ 4,232	$ 643,717

The acompanying notes to financial statements ae an integral part of this statement.

City of Lake Park, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Government Wide Statement of Net Position
December 31, 2018

Total Fund Balance - Governmental Funds (Page 6)		$ 598,270
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets acquired by Governmental Fund Activities are considered a use of financial resources. In the Statement of Net Position capital assets are reported as assets, net of accumulated depreciation.		
Infrastructure	$ 146,996	
Site and site improvements, including buildings	788,317	
Machinery and Equipment	830,680	
	1,765,993	
Accumulated Depreciation	1,091,062	
	674,931	
Construction in Progress	-	674,931
Property tax revenues collected after the end of the year but not considered available to pay liabilities of the current year are reported as deferred inflows of resources on the Governmental Funds Balance Sheet but are reported as revenue on the government-wide Statement of Activities.		16,991

Proceeds from and the repayment of general long-term debt is reported as a source of and use of financial resources in Governmental Funds. In the Statement of Net Position the balance of general long-term debt is reported as a liability.

	Amount Payable			
	Current	Long-Term	Total	
Equipment Financing	$ 6,744	$ -	$ 6,744	
Totals	$ 6,744	$ -	$ 6,744	(6,744)

The Net Pension Obligation (Asset) not due and payable in the current period is not reported as a liability (asset) in Governmental Funds but is reported as a liability (asset) on the government-wide Statement of Net Position.		(99,912)
Deferred outflows/inflows of resources are recongnized on the governmenment-wide Statement of Net Position but are not reported as assets and liabilities in Governmental Funds		26,488
Compensated absences not due and payable in the current period is not reported as a liability in Governmental Funds but is reported as a liability on the government-wide Statement of Net Position.		(5,818)
Internal balances (receivables and payables) between governmental funds are reported on the Governmental Funds Governmental Balance sheet but are eliminated on the government-wide Statement of Net Position.		
Internal Balances	$ 8,311	
Internal Balances	$ (8,311)	-
Net Position of Governmental Activities (Page 4)		$ 1,204,206

The accompanying notes to financial statements are an integral part of this statements.

City of Lake Park, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2018

	Major Governmental Funds			Non-Major	
	General	Special Purpose Local Option Sales Tax	Memorial Cemetery Trust Fund	Governmental Fund TSplost	Total Governmental Funds
Revenues					
Property Taxes	$ 218,561	$ -	$ -	$ -	$ 218,561
Sales Tax	102,633				102,633
Insurance Premium Tax	52,609				52,609
Other Taxes	105,524				105,524
Intergovernmental	22,974	158,607		4,232	185,813
Licenses and Permits	7,896				7,896
Charges for Services	1,613		6,200		7,813
Fines and Forfeitures	96,378				96,378
Investment	657	30	42		729
Contributions	1,780				1,780
Other	8,777		304		9,081
Total Revenues	619,402	158,637	6,546	4,232	788,817
Expenditures					
Current					
General Government	176,304				176,304
Judicial	36,038				36,038
Public Safety	300,311	3,236			303,547
Public Works	98,816				98,816
Culture and Recreation	12,702		5,140		17,842
Debt Service					
Principal		23,742			23,742
Interest on Long-term Debt		1,042			1,042
Capital		50,852			50,852
Total Expenditures	624,171	78,872	5,140	-	708,183
Excess (Deficit) of Revenues Over (Under) Expenditures	(4,769)	79,765	1,406	4,232	80,634
Other Financing Sources (Uses)					
Transfers in	23,700				23,700
Net Other Financing Sources (Uses)	23,700	-	-	-	23,700
Change in Fund Balance	18,931	79,765	1,406	4,232	104,334
Fund Balance, Beginning (Restated)	236,382	156,379	101,175		493,936
Fund Balance, Ending	$ 255,313	$ 236,144	$ 102,581	$ 4,232	$ 598,270

The accompanying notes to financial statements are an integral part of this statement

City of Lake Park, Georgia
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Government Wide Statement of Activities
For the Year Ended December 31, 2018

Net Change in Fund Balance - Total Governmental Funds (Page 8)			$ 104,334
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because			
Governmental Funds report capital outlays as expenditures. In the Statement of Activities the cost of capital assets are capitalized.			66,188
Governmental Funds do not report depreciation as an expense. In the Statement of Activities depreciation is recognized as an expense.			(106,176)
Governmental Funds only recognize proceeds from the disposition of capital assets. In the Statement of Activities the undepreciated basis of assets is recognized in determining the 'gain or loss' from the disposition of assets.			-
Revenues reported in the Statement of Activities that do not provide current financial resources are not recognized as revenues in governmental funds.			
Unavailable Revenues - Property Taxes			
Property Taxes - End of Year	$	16,991	
Property Taxes - Beginning of Year		12,191	4,800
Compensated absences are reported in the Statement of Activities but are not reported as expenses in Governmental Funds.			
Accrued Liability - End of Year	$	5,818	
Accrued Liability - Beginning of Year		4,689	(1,129)
The Net Pension Obligation (Asset) is reported in the Statement of Activities but is not reported as an expense in Governmental Funds.			
Net Pension Obligation (Asset) - End of Year	$	99,912	
Net Pension Obligation (Asset) - Beginning of Year		86,978	(12,934)
Proceeds from the issuance of long-term debt is reported as a source of financial resources in Governmental Funds, but in the Statement of Net Position the outstanding balance of debt is reported as a liability.			-
Repayment of long-term debt is a use of current financial resources in Governmental Funds, but the repayment is reported as a decrease in long-term liabilities in the Statement of Net Position.			23,742
Deferred outflows/inflows of resources are reported in the Statement of Activities but are not reported as expense in Governmental Funds			
Deferred Outflows/Inflows - End of Year	$	26,488	
Deferred Outflows/Inflows - Beginning of Year		26,778	(290)
Transfers between Governmental Funds are reported in the Governmental Funds operating statements but are eliminated on the government-wide statement of activities.			
Transfers in	$	20,700	
Transfers out		(20,700)	-
Change in Net Position of Governmental Activities (Page 5)			$ 78,535

The accompanying notes to financial statements are an integral part of this statement.

City of Lake Park, Georgia
Statement of Net Position
Proprietary Fund
December 31, 2018

	Major Enterprise Fund Water System
Assets	
Current Assets	
Cash and Cash Equivalents	$ 52,309
Investments (Certificates of Deposit)	67,604
Receivables, net of allowance for doubtful accounts	3,650
Restricted Assets	
Customer Deposits	8,916
Total Current Assets	132,479
Non-Current Assets	
Capital Assets	
Construction in Progress	-
Machinery and Equipment	21,197
Distribution System	511,658
	532,855
Accumulated Depreciation	239,542
Net Capital Assets	293,313
Total Non-Current Assets	293,313
Total Assets	$ 425,792
Liabilities and Net Position	
Current Liabilities	
Accounts Payable	$ -
Accrued Expenses	597
Interfund	8,311
Total Current Liabilities	8,908
Non-Current Liabilities	
Customer Deposits	6,450
Total Long-Term Liabilities	6,450
Total Liabilities	15,358
Net Position	
Investment in Capital Assets	293,313
Unrestricted	117,121
Total Net Position	410,434
Total Liabilities and Net Position	$ 425,792

The accompanying notes to financial statements are an integral part of this statement.

City of Lake Park, Georgia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2018

	Major Enterprised Fund Water System
Operating Revenues	
User Fees	$ 86,933
Other	7,330
Total Operating Revenues	94,263
Operating Expenses	
Salary and Wages	22,713
Benefits	329
	23,042
Purchased Technical Services	3,180
Repairs and Maintenance	14,673
Insurance	2,279
Education and Training	90
Materials and Supplies	3,004
Energy	7,057
Small Equipment	3,148
Other Supplies	98
Depreciation	12,012
Total Operating Expeses	68,583
Operating Income (Loss)	25,680
Non-Operating Revenue (Expense)	
Investment Income	110
Total Non-Operating Revenue (Expense)	110
Income (Loss) Before Other Revenues (Expenses) and Transfers	25,790
Other Revenues (Expenses) and Transfers	
Capital Contribution (Capital Project Fund)	3,000
Transfer to General Fund	(23,700)
Total Other Revenues (Expenses) and Transfers	(20,700)
Increase (Decrease) in Net Position	5,090
Net Position, Beginning	405,344
Net Position, Ending	$ 410,434

The accompanying notes to financial statements are an integral part of this statement.

City of Lake Park, Georgia
Statement of Cash Flow
Proprietary Fund
For the Year Ended December 31, 2018

	Major Enterprise Fund Water System
Cash Flow from Operating Activities	
Receipts from Customers	$ 98,577
Other Operating Revenue	-
Compensation and Benefits	(22,967)
Purchase of Goods and Services	(29,675)
Cash Provided from Operating Activities	45,935
Cash Flow from Non-Capital Financing Activities	
Transfers Out	(23,700)
Decrease in Internal Balances	15,677
Cash (Used) for Non-Capital Financing Activities	(8,023)
Cash Flow from Capital and Related Financing	
Cash Provided by Capital and Related Financing	-
Cash flow from Investing Activities	
Increase in Investments	110
Investment Inome	(94)
Cash Provided from Investing Activities	16
Increase (Decrease) in Cash and Cash Equivalents	37,928
Cash and Cash Equivalents, Beginning of Year	23,697
Cash and Cash Equivalents, Ending of Year	$ 61,625
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used By) Operating Activities	
Operating Income (Loss)	$ 25,680
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided from (Used) By Operating Activities:	
Depreciation Expense	12,012
Change in Assets and Liabilities:	
(Increase) Decrease in Receivables	4,265
(Decrease) Increase in Account Payable	(1,324)
Increase in Other Liabilities	5,302
Net Cash Provided from (Used by) Operating Activities	$ 45,935
Supplementary Cash Flow Information	
Acquisition of Capital Assets (acquired through Capital Project Funds)	$ 3,000
Interest	$ -

The accompanying notes to financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The City operates under a mayor - council form of government and provides the following services in addition to general administrative responsibilities: public safety (police and fire), highways and streets, sanitation, water, and culture and recreation.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) Statements and Interpretations issued through November 30, 1989, to its business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

(A) Reporting Entity

In evaluating the City, for financial reporting purposes, management considers all potential component units. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standard Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- if the organization is legally separate and can sue and be sued in their own name
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial burden or benefit on the City
- there is a fiscal dependency by the organization of the City

There are no boards, commissions, authorities, or other units of government (component units) for which the City is accountable.

Related Organization - Joint Venture (Southern Georgia Regional Commission)

The City is a participating member of the Southern Georgia Regional Commission (SGRC), a governmental entity legislatively established by O.C.G.A. 50-8-34. The SGRC is comprised of the municipalities and counties within the ten county district created and established by the Act. The SGRC is managed by a board, which includes the chief elected official of the district's member municipalities and county governments. The municipalities and counties within the district are responsible for the debts, obligations, and operating deficits of the Regional Commission and are required to pay annual minimum dues to support operations. The City's dues were paid by the County.

Separate financial statements may be obtained from: Southern Georgia Regional Commission, 3395 Harris Road, Waycross, Georgia 31503

(B) Basis of Presentation

Effective January 1, 2004, the City implemented the provisions of Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This statement establishes accounting and financial reporting standards for general purpose external financial reporting by local governments and establishes specific standards for the basic financial statements, management's discussion and analysis, and certain required supplementary information. Governments are required to report government-wide as well as fund level financial statements.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. Governmental activities, which are generally supported by taxes, intergovernmental revenues and non-exchange transactions, are reported separate from business-type activities, which rely primarily on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are expenses which are specifically associated with a particular activity. Program revenues include (a) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given activity and (b) grants and contributions which are restricted to meeting the operational or capital requirement of a particular activity. Taxes and other revenues not classified as programs revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and non-expendable trust funds, even though the fiduciary funds are excluded from the government-wide financial statement. Major individual governmental funds, major individual enterprise funds, and non-expendable trust funds are reported in separate columns in the fund financial statements.

The accounts of the City are organized by funds, each of which is 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, equities, revenues (income) and expenditures (expenses). Resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City's fund types are:

Governmental Fund Types

Governmental Funds are those through which most governmental functions are financed. The acquisition, use and balance of expendable financial resources and the related liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds. The objective for evaluation is based upon the determination of changes in financial position rather than objectives for net income. The following are the City's governmental fund types:

General Fund - The principal operating fund of the City and is used to account for all financial resources not otherwise accounted for in another fund.

Capital Project Funds - These funds accounts for financial resources used for the acquisition and construction of capital assets and repair and renovation of major capital facilities (other than acquisition, construction and repairs financed by proprietary and special assessment funds).

Non-Expendable Trust Fund - The City's "nonexpendable trust" is used to account for trust principal, income, and operating expenses of the Lake Park Memorial Cemetery.

Proprietary Funds

Proprietary funds are used to account for on-going activities, which are similar to the activities often found in the private sector. The objective for evaluation is based upon the determination of financial position and results of operations (net income). The City's proprietary fund is:

Enterprise (Water) Fund - This fund is used to account for operations and activities (a) that are financed and operated in a manner similar to the private business enterprise where costs (expenses, including depreciation) of providing services to the public is financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is necessary for capital maintenance, public policy, management control, accountability or other purposes.

(C) Measurement Focus, Basis of Accounting, and Financial Presentation

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

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when collectible within the current period or soon enough thereafter to pay current period liabilities. The government considers property tax revenues to be available if they are collected within sixty days of the end of the current fiscal period. A one-year availability period is used for recognition of all other governmental fund revenues. Expenditures are generally recorded when the liability is incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded when payment is due.

Revenues susceptible to accrual include property taxes, franchise taxes, governmental grants, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Fines, forfeitures, and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Proprietary Funds

All proprietary funds are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The City's major governmental funds are: the general fund, the special purpose local option sales tax (capital project) fund, and the memorial cemetery trust fund.

The City's non-major governmental fund is: the transportation special purpose local option sales tax (capital project) fund.

Program Revenues

Amounts reported as program revenues include (a) charges to customers or applicants for goods, services, or privileges provided, (b) operating grants and contributions which finance current operating activities including restricted investment income, and (c) capital grants and contributions, including special assessments, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions on program use. For identifying to which function program revenue pertains, the determining factor for the charge for services is which function generates the revenue. For grants and contributions, the determining factor is to which functions the revenues are restricted.

Taxes and other revenue sources not included with program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or supported by general revenues.

Proprietary Funds

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

For the most part, interfund transactions have been eliminated from the statements.

(D) Cash and Investments

Cash includes amounts in demand and savings (including time) deposits. The City does not have any investments other than interest bearing checking accounts and certificates of deposit.

The Official Code of Georgia (O.C.G.A. 36-83-4) authorizes the City to invest in obligations of this or other states, the United States government, obligations fully insured or guaranteed by the United States government or a United States government agency, obligations of any corporation of the United States government, prime banker's acceptances, local government investment pools established by O.C.G.A. Section 36-83-8, repurchase agreements, and obligations of other political subdivisions of this state.

(E) Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31st are recorded as prepaid items in both government-wide and fund financial statements. The City typically does not have any prepaid expenses.

(F) Inventory

The City does not value its inventories for financial reporting purposes. Purchases of materials and supplies are charged to operations when acquired.

(G) Restricted Assets

Cash and other resources are classified as restricted assets because use is limited by law, grants, or local ordinances.

(H) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial estimated useful life of more than one year and a cost of more than $500. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements. General infrastructure assets include roads, streets, sidewalks, and bridges and other similar assets acquired subsequent to December 31, 2003.

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

The costs of normal maintenance and repairs that do not increase the value of the asset or materially extend useful lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

Asset Classification	Lives
Land and Improvements	
Infrastructure, including utility system	20 to 40 years
Buildings and Improvements	25 to 40 years
Machinery and Equipment	5 to 10 years
Office and Technology Equipment	5 to 10 years
Transportation Equipment	5 to 10 years

(I) 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 position.

In the governmental funds statement of revenues, expenditures and changes in fund balance the proceeds of long-term debt financing is reported as other financing sources. The repayment of general long-term debt is reported as an expenditure of current financial resources.

(J) Contributions of Capital

Contributions of capital reported in proprietary funds and the government-wide financial statements arise from outside contributions of capital assets (i.e. developers), transfers from governmental (capital project funds), and grants or outside contributions of resources restricted to capital acquisition and construction.

(K) Interfund Transactions

Activity between funds that are indicative of borrowing/lending arrangements outstanding at the end of the year as well as all other outstanding balances between funds is reported as "Interfund Receivables and Payables". Balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances".

During the course of its operations, the General Fund processes transactions to finance the operations (i.e. the payment of payroll, payables, construction of assets, etc.) for special revenue, capital projects, and enterprise funds. Internal receivables and payables are recorded to report the amounts not reimbursed as of December 31st. To the extent that these balances are between governmental funds, they are eliminated on the statement of Net Position.

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements where repayment schedules have not been formally adopted, and are offset by a fund balance account in the applicable governmental funds to indicate that they are not available for appropriation and are not available expendable financial resources.

Interfund transfers are reported as other financing sources (uses) in governmental funds and after non-operating revenues (expenses) in enterprise funds.

(L) Compensated Absences

The City provides vacation and sick pay benefits to its full-time, regular employees. Only vacation leave is payable upon termination, accordingly, only accumulated unpaid vacation benefits, which are reasonably estimable, are accrued when earned.

The cost of compensated absences is recorded as liabilities in the applicable government-wide, business-type activities, or proprietary fund type statement of Net Position. 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. These liabilities are typically liquated by the general fund.

(M) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(N) Statement of Cash Flows

For purposes of the statement of cash flows, the Water (Enterprise) Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(O) Deferred Outflows – Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. Deferred outflow represents a consumption of net position that applies to future period(s) and is not recognized as a current outflow of resources (expense or expenditure). The City has one item that qualifies as a deferred outflow of resources.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflow represents an acquisition of net position applicable to future period(s) and is not recognized as a current inflow of resources (revenue or receipt). The City has one item that qualifies as a deferred inflow of resources.

(P) Schedules of Financial Assistance and One Percent Special Purpose Local Option Sales Tax Project Cost Schedules

The basis of accounting employed by the fund type in which revenues and expenditures are reported for funding from federal, state and other financial assistance programs and special purposes local option sales tax is applied to report expenditures for the schedules of financial assistance and project cost schedule expenditures.

(Q) Fund Balance

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

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

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

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

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance committee or the City's finance director to assign fund balances.

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

Flow Assumptions – When both restricted and unrestricted amounts of fund balances 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.

Net Position – Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available.

Note 2 – Stewardship, Compliance and Accountability

Budgetary Accounting

The City's Finance Ordinance requires the governing authority to adopt annual budgets for all governmental fund types (general and special revenues). An annual budget is also prepared for the City's enterprise and non-expendable trust funds. Budgets for capital projects funds are adopted on a total project basis rather than on an annual basis. The budgets are prepared and adopted on a basis consistent with generally accepted accounting principles.

The City budget officer may transfer appropriations in any fund among the various accounts within a department. Transfers within a department, which increase salaries, require approval of the City Council. Any increase in appropriation for any fund or department within a fund requires approval of the City Council. All appropriations, to the extent not expended or encumbered, lapse at the close of the period for which the appropriation was budgeted.

The City Council advertises and conducts public hearings according to the requirements of state law and the City's finance ordinance. The final budget for the calendar year is adopted by the preceding December 31st.

Budget Revisions

Budgeted amounts on all budget comparisons are as amended as of December 31, 2018 by Mayor and Council. Supplemental appropriations, which result primarily from receipt of unanticipated revenues from governmental grants, are included in budgeted amounts.

Compliance

(A) - Excess of Expenditures over Appropriations

Departmental expenditures exceeded final budget appropriations in the following General Fund Departments:

	Budget	Actual	Excess
General Government			
Governing Body	$ 52,650	$ 53,856	$ 1,206
Administration	11,800	21,627	9,827
General Government Buildings	5,600	13,843	8,243
Public Safety			
Administration	68,674	73,432	4,758
Patrol	153,105	158,856	5,751
Fire	66,375	68,024	1,649
Public Works			
Highways and Streets	97,449	98,054	605

(B) – Deficit fund Balances

There are no funds with deficit fund balances.

(C) – Capital Project Fund Receivables from the General Fund

The General Fund payable to Capital Projects (2014 SPLOST Issue and Transportation Special Purpose Local Option Sales Tax) is comprised of the November 2018 SPLOST payment of $12,026 received from Lowndes County in December was deposited in the General Fund and transferred to the Capital Project fund in June 2019. The Georgia Department of Revenue electronically deposited the City's TSPLOST payments of $2,709 for October and November in the General Fund. The City transferred to the receipts to the Capital Project fund in the month following receipt.

Note 3 – Cash and Cash Equivalents

As of December 31, 2018, the primary government's deposits, including certificates of deposits, were $633,976 and the account balances per the financial institutions were $666,239. Of the total account balances per the financial institutions, $349,937 was insured through the Federal Deposit Insurance Corporation (the FDIC). The uninsured balance was collateralized with pooled securities held by the financial institutions' trust department. Securities are held in the name of the institution and not in the name of the City.

Cash and cash equivalents, invested in savings and certificates of deposit in financial institutions, consist of the following:

Account Type	
Cash on Hand	$ 120
Cash and demand deposits	392,841
Investments (time deposits)	241,135
Total	$ 634,096

Total cash and equivalents include restricted cash of the $18,989 in the General Fund, $102,581 in the Memorial Cemetery Fund, and customer deposits of $8,916 in the Enterprise (Water System) Fund.

Note 4 - Taxes Receivable

The County Tax Commissioner bills and collects all property and related tax revenues. Georgia statutes do not provide a maximum milage rate which may be levied.

Tax revenues are recognized during the period for which they are levied. An allowance is established for delinquent taxes to the extent that their collectibility is questionable. Taxes collected during the current period and within sixty days thereafter are considered available to finance current operations. The City's property tax calendar is as follows:

Assessment Date	January 1
Return of real and personal property	April 1
Assessors submit returns to the County Tax Commissioner	July 1
Levy Date	July 25
Digest submitted to State Revenue Commissioner	July 28
Tax bills mailed by the County Tax Commissioner/Collector	September 15
Due date of taxes, other than motor vehicles	November 15
Execution (lien) date for unpaid taxes	December 16

Taxes due the City as of December 31st are summarized as follows:

Current year levies	$ 31,987
Prior years levies	7,501
	39,488
Less Allowance for uncollectible accounts	-
Net property taxes receivable	$ 39,488

Note 5 – Receivables

Receivables are summarized as follows:

	Governmental Funds			Enterprise	
	General Fund	SPLOST	TSPLOST	Water Fund	Total
Receivables					
Property Taxes	$ 39,488	$ -	$ -	$ -	$ 39,488
Charges for Services				3,650	3,650
Other					
Franchise Taxes	50,755				50,755
Excise Taxes	3,161				3,161
Intergovernmental					
Local Option Sales And Use Tax	9,649	25,563			35,212
Transportation Local Option Sales Tax		1,523	-	-	1,523
Total	$ 103,053	$ 27,086	$ -	$ 3,650	$ 133,789

Note 6 – Interfund Balances

Interfund receivables and payables result from temporary working capital advances primarily from the general fund to finance current operating expenditures, including compensation and benefits, and are summarized as follows:

	Interfund Balances	
	Receivable	Payable
Major Governmental Funds		
General Fund	$	$ 15,818
Capital Projects Fund (Special Purpose Local Option Sales Tax)	21,420	
Non-Major Governmental Funds		
Transportation Special Purpose Local Option Sales Tax	2,709	
Total Governmental Funds	24,129	15,818
Enterprise Fund	-	8,311
Totals	$ 24,129	$ 24,129

The Capital Project Fund receivable from the General Fund is the result of depositing in the General Fund the November 2018 Special Purpose Local Sales Tax Distribution received from Lowndes County, Georgia in the amount of $12,027 and $9,393 of the remaining portion of the 2018 Local Maintenance Improvement Grant ($15,393). Transportation Special Purpose Local Option Sales Tax Proceeds are electronically deposited by the Georgia Department of Revenue in the City's General Fund. The October and November receipts of $1,340 and $1,369 were transferred by the City to the TSPLOST fund after December 31st.

The transfer from the enterprise fund to the general fund is to supplement general fund revenues.

	Transfers In	Transfers Out
Major Governmental Funds		
General Fund	$ 23,700	$
Capital Projects Fund		
Memorial Cemetery Trust Fund		
Total Governmental Funds	23,700	-
Enterprise Fund		23,700
Net	$ 23,700	$ 23,700

Note 7 - Changes in Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Ending Balance
Governmental Activities:					
Capital Assets not being Depreciated					
Construction in Progress	$ -	$ -	$ -	$ -	$ -
Land and Improvements	101,430				101,430
Total Assets not being Depreciated	101,430	-	-	-	101,430
Other Capital Assets					
Buildings and Improvements	689,361			(2,474)	686,887
Infrastructure	116,496	30,500			146,996
Machinery and Equipment	792,521	38,618		(459)	830,680
Total Other Capital Assets	1,598,378	69,118	-	(2,933)	1,664,563
Less Accumulated Depreciation					
Buildings & Improvements	408,323	25,023		(2,170)	431,176
Infrastructure	44,378	11,180		2,170	57,728
Machinery & Equipment	532,185	69,971		2	602,158
Total Depreciation	984,886	106,174		2	1,091,062
Net Other Capital Assets	613,492	(37,056)	-	(2,935)	573,501
Total Capital Assets, net	$ 714,922	$ (37,056)	$ -	$ (2,935)	$ 674,931

Business-Type Activities:

Capital Assets not being Depreciated					
Construction in Progress	$ -	$ -	$ -	$ -	$ -
Other Capital Assets					
Utility System	508,658			3,000	511,658
Machinery and Equipment	21,197			-	21,197
Total Other Capital Assets	529,855	-	-	3,000	532,855
Less Accumulated Depreciation					
Utility System	208,901	11,609			220,510
Office and Technology Machinery and Equipment	18,629	403			19,032
Total Depreciation	227,530	12,012			239,542
Net Other Capital Assets	302,325	(12,012)		3,000	293,313
Total Capital Assets, net	$ 302,325	$ (12,012)	$ -	$ 3,000	$ 293,313

Depreciation expense (including amortization of financed lease assets in the amount of $7,961) was charged to functions as follows:

Governmental activities:	
General government	$ 6,738
Public safety	64,141
Public works	31,458
Culture and recreation	3,837
Total depreciation expense – governmental activities	$ 106,174
Business—type activities	
Water fund	$ 12,012
Total depreciation expense – business-type activities	$ 12,012

Note 8 – Long-Term Indebtedness

Capital Lease Obligations are comprised of the following:

Capital Lease Obligation – The Georgia Municipal Association of Georgia

Lease dated August 6, 2014 in the original amount of $31,535 was made for the purpose of acquiring Fire Rescue Equipment. The lease is payable in annual payments of $6,978 including interest. The effective rate of interest is 3.47 percent per annum.

Future maturities of the Lease are as follows:

Year Ended December 31st	Interest	Principal	Total Payment
2019	$ 234	$ 6,744	$ 6,978

Aggregate maturities of Leases as of December 31, 2018 are as follows:

Year Ended December 31st	Interest	Principal	Total Payment
2019	$ 234	$ 6,744	$ 6,978
2020 and Thereafter	-	-	-
Total	$ 234	$ 6,744	$ 6,978

Changes in long-term debt obligations for the year ended December 31, 2018 are summarized as follows:

	Balance Beginning of Period	Additions	Repayments	Balance End of Period	Amount Due in One Year
Governmental Activities					
Capitalized Lease Obligations	$ 30,486	$	$ 23,742	$ 6,744	$ 6,744
Compensated Absences	4,689	2,758	1,629	5,818	5,818
Total Governmental Activities	$ 35,175	$ 2,758	$ 25,371	$ 12,562	$ 12,562

Compensated absences are liquidated primarily from governmental (general fund) activities.

Note 9 – Fund Balance

Governmental fund balances are summarized as follows:

	General Fund	Capital Projects SPLOST	Capital Projects TSPLOST	Memorial Cemetery Trust	Total
Non-Spendable					
Lake Park Memorial Cemetery Trust Fund	$ -	$ -	$ -	$ 102,581	$ 102,581
Restricted					
Capital Projects					
Special Purpose and Transportation Local Option Sales Tax		236,144	4,232		240,376
Committed					
Assigned					
Public Safety, Culture And Recreation	18,989				18,989
Unassigned	236,324				236,324
Total	$ 255,313	$ 236,144	$ 4,232	$ 102,581	$ 598,270

Note 10 – Restatement of Beginning Fund Balance – General Fund

The governmental activities (general fund) beginning net position has been increase $13,194 from $1,112,477 to $1,125,671 to correct prepayments of insurance paid in 2017 and applicable to 2018.

Note 11 - Retirement Benefits

Plan Description

The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a nonintegrated, noncontributory agent multiple-employer defined benefit public employer retirement system that acts as a common investment and administrative agent for governmental entities in the State of Georgia. The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries.

All full-time employees become eligible to participate after thirty-eight hours of service if employed on or after January 1, 2003 (twenty hours of service if employed before January 1, 2003). Employees become eligible for benefits at their normal retirement age of sixty-five and five years of service or early retirement at age fifty-five and ten years of service. A life annuity is the normal form of benefit payment. Elected officials are not covered. Benefits are fully vested after five years of service.

The plan is administered by Georgia Municipal Association. Benefit provisions and all other requirements are established by state statute. Plan features, including benefit provisions, are established by the plan Board of Trustees. Georgia Municipal Association issues a publicly available financial report that includes financial statement and required supplementary information for Georgia Municipal Employees Benefit System. A copy of the plan's financial report may be obtained from the Georgia Municipal Association, 201 Pryor Street S.W., Atlanta, Georgia 30303-3606.

Membership of the Plan as of July 1, 2018 is as follows:

Pensioners as of the valuation date (including no beneficiaries)	3
Participants inactive during the year ended June 30, 2018 with Vested rights	1
Participants active during the year ended June 30, 2018 (including no elected officials)	7
Total	11
Fully Vested	4
Not Vested	3

Funding Policy

The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

The plan is subject to minimum funding standards of the Public Retirement System Standard Law (Georgia Code Section 47-20-10). The estimated minimum annual premium under these standards is $39,426. This minimum contribution has been determined as the sum of (1) the normal cost (including administrative expenses), (2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus and (3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in the annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. The recommended employer contribution in accordance with the funding policy is $46,242 for the year ended December 31, 2018 (21.16% of covered payroll).

The net pension liability as of the March 31, 2018 measurement date is $99,912, this amount being the excess of the total pension liability of $634,755 over the plan's fiduciary net position of $534,843. The total pension liability was determined as of the measurement date using amounts determined from the actuarial valuation as of the measurement date.

The following schedule reconciles the differences between the beginning and ending total pension liability, fiduciary net position and net pension liability for the March 31, 2018 measurement period:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) – (b)
Balances at March 31, 2017*	$ 585,669	$ 498,691	$ 86,978
Changes for the year:			
Service cost	21,139		21,139
Interest	43,362		43,362
Differences between expected and actual experience	27,372		27,372
Contributions – employer	-	32,497	(32,497)
Net investment income	-	60,957	(60,957)
Benefit payments	(52,313)	(52,313)	-
Administrative expense	-	(4,989)	4,989
Other	9,526	-	9,526
Net changes	49,086	36,152	12,934
Balances at March 31, 2018**	$ 634,755	$ 534,843	$ 99,912

** Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2017 are used to measure TPL as of March 31, 2017. The balances as of March 31, 2016 constitute measurements of the NPL for the fiscal year ending December 31, 2017.*

*** Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2018 are used to measure TPL as of March 31, 2018. The balances as of March 31, 2018 constitute measurements of the NPL for the fiscal year ending December 31, 2018.*

Pension expense for the year ended December 31, 2018 based on the March 31, 2018 measurement date is comprised of:

Service Cost	$ 21,139
Interest on TPL	43,362
Administrative expenses	4,989
Expected return on assets	(37,687)
Expensed portion of current year period differences between expected and actual experience in TPL	6,843
Expensed portion of current year period assumption changes	2,380
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	(4,654)
Current year recognition of deferred inflows and outflows established in prior years	9,349
Total Expense	$ 45,721

Actuarial Methods and Assumptions

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions. The total pension liability represents the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Measurement Date	March 31, 2018
Valuation Date	The actuarially determined contribution was determined as of July 1, 2018, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ended December 31, 2019.
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with net effective amortization period of 11 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 end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Inflation rate	2.75%
Net Investment Rate of Return	7.5%
Projected Salary Increases	2.75% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	
Normal	Age 65 with five years of service
Early	Age 55 with ten years of service
Mortality	
Healthy	RP-2000 Combined Health Mortality Table with sex-distinct rates, set forward two years for males and one year for females
Disabled	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates
Plan termination basis (all lives)	1994 Group Annuity Reserving Unisex Table

The investment return and inflation assumptions used in the July 1, 2018 valuation were approved by the Board in December 2017 based on the results of an actuarial study conducted in September 2017. The mortality and economic actuarial assumption used in the July 1, 2018 valuation were approved by the Board in December 2014 based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

Net Investment Return:

On-Going Basis: 7.5% based on long-term expected rate of return on plan investments.

The 7.5% long-term 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 expenses and inflation) are development for each major asset class. These ranges are combined to produce the long-term expected rate of return be weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and rate on the ongoing basis is a margin for adverse deviation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.71%
International equity	20%	7.71%
Domestic fixed Income	20%	2.11%
Global fixed income	5%	3.36%
Real estate	10%	5.21%
Cash	0%	0%
Total	100%	

Plan Termination Basis: 2.8% (30-year Treasury Securities Rate as of August 2017, published in September, 2016; 2.26% last year)

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed the city contributions will be made equal to the contractually required actuarial rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The following schedule presents the City's Net Pension Liability calculated using the current discount rate compared to what the net pension liability would be if calculated using discount rates that are one percent less and one percent greater than the current discount rate of 7.5%:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability	$ 155,519	$ 99,912	$ 51,534

The City's net deferred outflows and inflows of resources for the March 31, 2018 measurement period are summarized as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 37,188	$ -
Changes of assumptions	8,653	-
Net difference between projected and actual earnings on pension plan investments	-	(19,353)
Total	$ 45,841	$ (19,353)

Deferred outflows of resources and deferred inflows of resources represent the unamortized portion of changes to the net pension liability to be recognized in future periods in a systematic and rational manner, as detailed below:

Year Ending December 31,	Deferred Outflows/(Inflows) of Resources
2019	$ 13,920
2020	11,364
2021	4,080
2022	(2,876)
2023 and Thereafter	0
Total	$ 26,488

Note 12 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injury to employees; and natural disasters. The City purchases insurance from commercial insurers for claims in excess of deductibles. Policy deductibles are funded from and charged to operations during the period in which losses are incurred. Commercial insurance provides coverage up to a maximum of $2,000,000 aggregate general liability limit, and various limits up to an aggregate of $2,413,046 for property damage claims. Deductible limits range from $500 to $5,000 per occurrence.

The City is also a participant in the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The purpose of the fund is to insure the participating member's obligations under state workers compensation laws for employer liability to employees for claims for injuries and medical expenses and demands for compensation. The fund is responsible for cost incurred by members in any legal proceeding defended by the members, interest accruing after judgment, and expenses incurred for investigation or defense. Coverage provides up to a maximum of $1,000,000 for each worker's compensation claim.

Each participating member city is required to continue membership until completion of the second full fiscal year of membership. Membership is continued on a year-to-year basis. A member may withdraw or choose not to renew membership effective at the end of any fiscal year upon giving ninety day advanced written notice to the association. Members failing to pay required contributions, assessments, or other sums in such amounts and at time established by the association may, upon notice, be immediately suspended from membership and coverage shall immediately cease. Terminated members remain liable for assessments for any fiscal year in which they were members and have no rights to surplus or dividends. The capital contribution, if any, of a terminated member may be returned in whole, or in part, at the discretion of the board. Additional responsibilities and obligations of participating members include; allow attorneys designated by Georgia Municipal Association to investigate, litigate, and discuss settlement options for claims made against participating members, including assisting and participating in the defense and settlement of claims, and promptly report all incidents which could result in any claim. Each member is jointly and severally liable for all legal obligations of the association or funds and assessments may be imposed to meet financial deficiencies of the fund.

No claims in excess of insured limits were threatened, pending or outstanding as of December 31, 2018. Accordingly, no liability is provided for claims threatened, pending or outstanding. There have been no significant reductions in insurance coverage. Settled claims have not exceeded coverage limits for the current or preceding three years.

Changes in the City's liability for claims in excess of insurance coverage are summarized as follows:

	Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Liability End of Year
2018	$ -	$ 28,315	$ 21,115	$ 7,200
2017	-	-	-	-
2016	-	-	-	-

Note 13 - Litigation

The City, along with all other cities in Lowndes County, is a party in a declaratory judgment action filed by Lowndes County pursuant to the Georgia Service Delivery Act. The Act requires each county and the cities located therein to minimize duplication of services and avoid taxing city property owners for services provided by the county that benefit only county residents, and vice versa. The City of Valdosta is paying all cost associated with the litigation and the City faces no liability exposure in this action.

The City is a defendant in a zoning matter which has resulted in litigation. The City Attorney doesn't believe the City faces exposure for liability beyond the cost of litigation.

Note 14 - Contingencies

The City has participated in federally assisted grant programs. These programs are subject to compliance audits by the grantors or their representatives.

Note 15 – Subsequent Events

Subsequent events were evaluated through July 11, 2019, the date the financial statements were available.

City of Lake Park, Georgia
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2018

	Budget		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues				
Property Taxes	$ 217,021	$ 217,021	$ 218,561	$ 1,540
Local Option Sales Tax	102,000	102,000	102,633	633
Insurance Premium Tax	49,000	49,000	52,609	3,609
Other Taxes	100,600	100,300	105,524	5,224
Intergovernmental	-	-	22,974	22,974
Licenses and Permits	5,525	5,525	7,896	2,371
Charges for Services	1,000	1,700	1,613	(87)
Fines and Forfeitures	90,200	89,700	96,378	6,678
Investment	25	25	657	632
Contributions and Donations	11,500	11,500	1,780	
Other Miscellaneous	3,600	4,650	8,777	4,127
Total Revenues	580,471	581,421	619,402	47,701
Expenditures				
General Government	140,958	158,435	176,304	(17,869)
Judicial	37,370	37,370	36,038	1,332
Public Safety	302,154	288,154	300,311	(12,157)
Public Works	103,116	97,449	98,816	(1,367)
Culture and Recreation	20,573	39,773	12,702	27,071
Debt Service	-	-	-	-
Total Expenditures	604,171	621,181	624,171	(2,990)
Excess (Deficit) of Revenues Over (Under) Expenditures	(23,700)	(39,760)	(4,769)	34,991
Other Financing Sources (Uses)				
Transfers, net	23,700	23,700	23,700	-
Appropriation of Surplus		16,060		(16,060)
Net Other Financing Sources (Uses)	23,700	39,760	23,700	(16,060)
Change in Fund Balance	-	-	18,931	18,931
Fund Balance, Beginning	236,382	236,382	236,382	-
Fund Balance, Ending	$ 236,382	$ 236,382	$ 255,313	$ 18,931

Note 1 – Budgetary Information

The general fund budget is adopted on a basis which is consistent with the accounting principles generally accepted in the United States as applied to governmental entities.

City of Lake Park, Georgia
Schedule of Changes in Net Pension Liability, Fiduciary Net Position and Related Ratios
For the Year Ended December 31, 2018

	Calendar Year Ended December 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service cost	$ 21,139	$ 20,190	$ 19,676	$ 17,413						
Interest	43,362	41,787	40,183	38,192						
Difference between expected and actual experience	27,372	10,665	13,151	14,856	(Historical Information Prior to Implementation of GASB 67/68 is not Require					
Changes of assumptions	9,526		-	7,535						
Changes in benefit terms										
Benefit payments	(52,313)	(52,313)	(52,313)	(52,313)						
Net Change in Total Pension Liability	49,086	20,329	20,697	25,683						
Total Pension Liability, Beginning	585,669	565,340	544,643	518,960						
Total Pension Liability, Ending	$ 634,755	$ 585,669	$ 565,340	$ 544,643						
Plan Fiduciary Net Position										
Contributions - employer	$ 32,497	$ 29,096	$ 26,018	$ 27,246						
Net investment income	60,957	57,589	1,028	45,735						
Benefit payments	(52,313)	(52,313)	(52,313)	(52,313)						
Administrative expenses	(4,989)	(5,175)	(3,176)	(2,817)	(Historical Information Prior to Implementation of GASB 67/68 is not Require					
Other										
Net Change in Fiduciary Net Position	36,152	29,197	(28,443)	17,851						
Plan Fiduciary Net Position, Beginning	498,691	469,494	497,937	480,086						
Plan Fiduciary Net Position, Ending	$ 534,843	$ 498,691	$ 469,494	$ 497,937						
Net Pension Liability	$ 99,912	$ 86,978	$ 95,846	$ 46,706						
Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	84.26%	85.15%	83.05%	91.42%						
Covered Compensation	$ 215,572	$ 218,876	$ 207,435	$ 196,470	(Historical Information Prior to Implementation of GASB 67/68 is not Require					
Net Pension Liability as a percentage of Covered Compensation	46.35%	39.74%	46.21%	23.77%						
Schedule of Contributions										
Actuarially determined contributions	$ - *	$ 31,524	$ 28,287	$ 25,262						
Contributions in relation to the actuarially determined contribution	- *	31,524 **	28,287	25,262	(Historical Information Prior to Implementation of GASB 67/68 is not Require					
Contribution deficience (excess)	$ - *	$ -	$ -	$ -						
Covered-employee payroll	$ - *	$218,876 ***	$ 207,435	$ 196,470						
Contributions as a percentage of covered-employee payroll	0.00% *	14.40%	13.64%	12.86%						

* *2018 information will be determined after fiscal year end and will be included in the 2019 valuation report*

** *Contirbutions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or percentage of employee-covered payroll of the actuarily determined contributions.*

*** *2017 covered payroll is based on data collected as of February 28, 2017 for the 2017 actuarial valuation.*

GARY R. ZEIGLER, P.C.

Certified Public Accountants and Business Consultants

609 N. Patterson Street • P. O. Box 1389 • Valdosta, Georgia 31603-1389 • (229) 244-3262 • Fax (229) 247-7286

www.grzeiglercpa.com

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

To the Mayor and Council
of the City of Lake Park, Georgia
Lake Park, 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, and each major fund of the City of Lake Park, Georgia as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Lake Park, Georgia's basic financial statements and have issued our report thereon dated July 9, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Lake Park, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lake Park, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying *Financial Statement Findings and Reponses*, we identified certain deficiencies in internal control that we consider to be material weakness and significant deficiencies.

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. We consider the deficiency described in the accompanying *Financial Statement Findings and Responses,* items 2018.01, to be material weaknesses.

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. We consider the deficiency described in the accompanying *Financial Statement Findings and Responses*, item 2018.02, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lake Park, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying *Findings and Responses* as items 2018.03, 2018.04, and 2018.05.

Member: American Institute of Certified Public Accountants • Georgia Society of Certified Public Accountants

Authority's Response to Findings

The City of Lake Park, Georgia's responses to the findings identified in our audit are described in the accompanying *Financial Statement Findings and Reponses.* The City of Lake Park, Georgia's response was 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.

Gary R. Zeigler, P.C.
Valdosta, Georgia

July 9, 2019

Lake Park, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identification Number	Total Federal Expenditures
U. S. Department of Homeland Security			
Pass-through Georgia Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4338-DR-GA	$ 22,974
Total for U.S. Department of Homeland Security			22,974
Total Federal Assistance			$ 22,974

Notes to Schedule of Expenditure of Federal Awards

Note 1 - Basis of Presentation

The schedule of expenditures of federal awards includes the federal award activity of Lake park, Georgia under programs of the Federal Government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Lake Park, Georgia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lake Park, Georgia. Amounts reported in this schedule may differ from amounts reportedin the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures are reported on the accrual basis of accounting. Such expenditures are recognized applying the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - De Minimis Indirect Cost Rate

The City has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Lake Park, Georgia
Schedule of Findings and Responses
For the Year Ended December 31, 2018

Section I

Summary of Audit Results

Financial Statements

A	Type of report issued on financial statements:	Unmodified
B	Internal control over financial reporting:	
	Material weaknesses identified?	Yes
	Significant deficiencies identified that are considered to be a material weakness?	Yes
C	Noncompliance material to the financial statements noted:	Yes

Federal Awards

There was not an audit of major federal award programs due the amount expended being less than $750,000.

Financial Statement Findings and Responses

Current Year Findings

2018.01 Absence of Optimum Level of Appropriate Segregation of Duties

(This is a repeat finding)

Requirement: A properly designed and effective system of internal control requires that there are a sufficient number of properly trained, skilled personnel to be able to segregate duties and responsibilities among personnel so that individuals initiating, processing, verifying, reviewing, approving, recording or processing financial transactions, and preparing financial statements are not being performed by the same individual. The City's accounting policies and procedures should be compiled in a formal written document.

Condition: The City does not have sufficient personnel to provide an optimum level of appropriate segregation of duties and responsibilities.

Effect: Errors, intentional or otherwise, and fraud could occur in the processing of financial transactions and the preparation of financial statements and not be timely detected and corrected. In the event of a change of key personnel the operations of the City could be compromised without definitive operating guides.

Recommendation: Staffing should include a sufficient number of properly trained personnel in order to assign duties and responsibilities among the staff in order to reduce to a minimum level of risk that misstatements resulting from fraud or error might occur and not be detected by employees during the normal course of performing assigned duties.

City's Response: The City agrees with this finding and understands this weakness in internal control procedures and that financial statement errors and fraud could occur and not be timely detected and corrected. Mayor and Council have determined that available financial resources do not justify hiring additional personnel solely for the purpose of mitigating this condition. The City now has two full-time clerks. The City Clerk is responsible for billings, recording and posting of receipts, processing and payment of vendor invoices, and payment of employees. The City Clerk also reconciles all bank accounts and prepares the monthly financial statements. The assistance clerk performs most of the duties related to receipt and recording collections and making bank deposits. Bank statements are opened and reviewed by the Mayor before being reconciled by the City Clerk. Checks require the signature of two elected officials. Supporting documentation is reviewed by check signor prior to signature. Time records are reviewed by the Mayor prior to processing payroll. Mayor and council receive and review monthly financial statements, budget and actual departmental statements, and all financial transactions. Mayor and Council also maintain oversight for investments including review of institutional compliance with FDIC insurance coverage.

2018.02 Auditor Preparation of Annual Financial Statements

(This is a repeat finding)

Requirement: Generally accepted auditing standards require auditors to audit client prepared annual financial statements including the related notes to financial statements and all required supplemental information, statements, and schedules.

Condition: The City's annual financial statements, supplementary information, and schedules required by state statutes, or regulators, and grantors are auditor prepared.

Recommendation: The City should prepare the annual financial statements, notes to basic financial statements, supplementary information, and financial schedules required by state statutes or regulators, and grantors.

City's Response: The City does not have professional staff with the training and expertise to prepare the annual audited financial statements. The Mayor and Council have considered alternatives for the preparation of the audited statements including contracting the services of a consultant. The Mayor and Council believe having the auditors prepare the statements is the only economically feasible option for the City. The Mayor and Council formally reviews and accepts responsibility for the financial statements and all related disclosures.

2018.03 Budgetary - Financial Compliance

(This is a repeat finding)

Criteria: O.C.G.A. 36-81-3(b)(1) requires each unit of local government to adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund. O.C.G.A. 36-81-3(b)(2) requires a project-length balanced budget for each capital project fund with the project-length balanced budget being adopted by ordinance or resolution in the year that the project initially begins. The project-length balanced budget should appropriate total expenditures for the duration of the capital project. O.C.G.A. 36-81-3(b)(3) provides that a budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

Conditions: Current year expenditures exceeded appropriations in six General Fund departments (Note 2A, Page 19). Compensation and benefits, professional and technical services, insurance, repairs and maintenance, training, communications, supplies, and capital were accounts with the more significant excess expenditures.

Effect: The City is not in compliance with state laws and the City's Finance Ordinance by incurring expenditures in excess of appropriations.

Recommendation: Appropriations should be revised periodically to agree with approved changes in authorized expenditures and controlled within appropriations.

City Response: The City agrees and will continue to improve the budgeting process, including amending budgets during the year as changes or revisions indicate, and work more closely with management and department managers to monitor and control expenditures. Line item departmental expenses will be more closely monitored. Changes in revenues will also be revised and adjusted during the year. Mayor and Council believe these processes will continue to improve and help the City comply with these requirements.

2018.04 Unauthorized Use of Special Purpose Local Option Sales Tax Proceeds

(This is a modified repeat finding)

Criteria: In accordance with the Official Code of Georgia, O.C.G.A. 48-8-121, proceeds of Special Purpose Local Option Sales Tax must be used exclusively for the purposes specified in the resolution or ordinance calling for imposition of the tax. The City's capitalization policy establishes the minimum capitalization threshold amount at $500 with an estimated useful life greater than one year.

Condition: During the year ended December 31, 2018, $3,236 of Special Purpose Local Option Sales Tax funds were expended for non-capital public safety supply and repair expenditures. Police uniforms and accessories were purchase at a cost of $977, three microphone style 2D imaging scanner kits were purchase at a cost of $987, and a 2013 Dodge Charger was repaired at a cost of $1,272.

Cause: Mayor and Council did not review the terms of the approved referendum, the applicable provisions of O.C.G.A. 48-8-110, and the City's capitalization policy prior to approval of the expenditures.

Effect: The City is not in compliance with O.C.G.A. Section 48-8-121 and the City's capitalization policy by using Special Purpose Local Option Sales Tax for non-qualifying expenditures.

Recommendation: Only qualifying expenditures should be expended from the proceeds of special purpose local option sales tax.

City Response: The City agrees and will strictly comply with the terms of the referendum and the City's capitalization policy for all future expenditures.

2018.05 Unauthorized Use of Special Purpose Local Option Sales Tax Proceeds

Criteria: In accordance with the Official Code of Georgia, O.C.G.A. 48-8-121, proceeds of Special Purpose Local Option Sales Tax must be used exclusively for the purposes specified in the resolution or ordinance calling for imposition of the tax. Proceeds shall be kept in a separate account and not comingled with other County funds.

Condition: As of December 31, 2018 the Capital Projects Fund for the 2014 Issue and the Transportation Special Purpose Local Option Sales Tax had a receivable from the General Fund in the combined amount of amount of $24,129.

Cause: The Georgia Department of Revenue incorrectly deposits TSPLOST proceeds in the General Fund Operating account. The November SPLOST payment from Lowndes County, Georgia was deposited in the General Fund operating account. The 2018 LMIG payment received from the State of Georgia was deposited and held in the General Fund operating account pending use to match qualifying expenditures in the Capital Project Fund.

Effect: The City is not in compliance with O.C.G.A. Section 48-8-121 by the City's Capital Projects Funds having receivables due from the General Fund of $24,129.

Recommendation: Receipts should be deposited when received in the correct fund.

City Response: The City concurs. SPLOST and TSPLOST funds have been transferred from the General Fund to the Capital Project Funds. The remaining portion of the LMIG funds will be transferred to the capital projects fund to be used for qualifying projects.

Prior Year Findings

2017.01 Absence of Optimum Level of Appropriate Segregation of Duties

(This is a repeat finding)

Requirement: A properly designed and effective system of internal control requires that there are a sufficient number of properly trained, skilled personnel to be able to segregate duties and responsibilities among personnel so that individuals initiating, processing, verifying, reviewing, approving, recording or processing financial transactions, and preparing financial statements are not being performed by the same individual. The City's accounting policies and procedures should be compiled in a formal written document.

Condition: The City does not have sufficient personnel to provide an optimum level of appropriate segregation of duties and responsibilities.

Effect: Errors, intentional or otherwise, and fraud could occur in the processing of financial transactions and the preparation of financial statements and not be timely detected and corrected. In the event of a change of key personnel the operations of the City could be compromised without definitive operating guides.

Recommendation: Staffing should include a sufficient number of properly trained personnel in order to assign duties and responsibilities among the staff in order to reduce to a minimum level of risk that misstatements resulting from fraud or error might occur and not be detected by employees during the normal course of performing assigned duties.

City's Response: The City agrees with this finding and understands this weakness in internal control procedures and that financial statement errors and fraud could occur and not be timely detected and corrected. Mayor and Council have determined that available financial resources do not justify hiring additional personnel solely for the purpose of mitigating this condition. The City now has two full-time clerks. The City Clerk is responsible for billings, recording and posting of receipts, processing and payment of vendor invoices, and payment of employees. The City Clerk also reconciles all bank accounts and prepares the monthly financial statements. The assistance clerk performs most of the duties related to receipt and recording collections and making bank deposits. Bank statements are opened and reviewed by the Mayor before being reconciled by the City Clerk. Checks require the signature of two elected officials. Supporting documentation is reviewed by check signor prior to signature. Time records are reviewed by the Mayor prior to processing payroll. Mayor and council receive and review monthly financial statements, budget and actual departmental statements, and all financial transactions. Mayor and Council also maintain oversight for investments including review of institutional compliance with FDIC insurance coverage.

Current Status: There has been no change in this condition.

2017.02 Auditor Preparation of Annual Financial Statements

(This is a repeat finding)

Requirement: Generally accepted auditing standards require auditors to audit client prepared annual financial statements including the related notes to financial statements and all required supplemental information, statements, and schedules.

Condition: The City's annual financial statements, supplementary information, and schedules required by state statutes, or regulators, and grantors are auditor prepared.

Recommendation: The City should prepare the annual financial statements, notes to basic financial statements, supplementary information, and financial schedules required by state statutes or regulators, and grantors.

City's Response: The City does not have professional staff with the training and expertise to prepare the annual audited financial statements. The Mayor and Council have considered alternatives for the preparation of the audited statements including contracting the services of a consultant. The Mayor and Council believe having the auditors prepare the statements is the only economically feasible option for the City. The Mayor and Council formally reviews and accepts responsibility for the financial statements and all related disclosures.

Current Status: There is no change in this condition.

2017.03 Budgetary - Financial Compliance

Criteria: O.C.G.A. 36-81-3(b)(1) requires each unit of local government to adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund. O.C.G.A. 36-81-3(b)(2) requires a project-length balanced budget for each capital project fund with the project-length balanced budget being adopted by ordinance or resolution in the year that the project initially begins. The project-length balanced budget should appropriate total expenditures for the duration of the capital project. O.C.G.A. 36-81-3(b)(3) provides that a budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

Conditions: Expenditures for 2017 exceeded appropriations in four General Fund departments (Note 2A, Page 19). Compensation and benefits, professional and technical services, technology and related services, insurance, repairs and maintenance, communications, and supplies were accounts with the more significant excess expenditures.

Effect: The City is not in compliance with state laws and the City's Finance Ordinance by incurring expenditures in excess of appropriations.

Recommendation: Appropriations should be revised periodically to agree with approved changes in authorized expenditures and controlled within appropriations.

City Response: The City agrees and will continue to improve the budgeting process, including amending budgets during the year as changes or revisions indicate, and work more closely with management and department managers to monitor and control expenditures. Line item departmental expenses will be more closely monitored. Changes in revenues will also be revised and adjusted during the year. Mayor and Council believe these processes will continue to improve and help the City comply with these requirements.

Current Status: Expenditures continue to exceed appropriations.

2017.04 Unauthorized Use of Special Purpose Local Option Sales Tax Proceeds

Criteria: In accordance with the Official Code of Georgia, O.C.G.A. 48-8-121, proceeds of Special Purpose Local Option Sales Tax must be used exclusively for the purposes specified in the resolution or ordinance calling for imposition of the tax. The City's capitalization policy establishes the minimum capitalization threshold amount at $500 with an estimated useful life greater than one year.

Condition: During the year ended December 31, 2017, $4,316 of Special Purpose Local Option Sales Tax funds were expended for non-capital police uniforms, accessories, and firearms for police officers and solar lights. Police uniforms, accessories and firearms in the amount of $3,441 consisted of : $578 for 16 pairs of pants ($36 ea.), $666 for 19 shirts ($35 ea.), $349 for 5 sets of tactical gear uniforms ($70 ea.), $140 for 6 belts ($23 ea.), $389 for 7 holsters ($56 ea.), $461 for 6 hats ($77 ea.), $36 for 6 set of emblems ($6 ea.), $28 for 6 straps ($5 ea.), $28 for 6 rain covers ($5 ea.), and $766 for 2 pistols ($383 ea.). Four twelve watt solar lights were purchased for $1,040 ($260 each). Three of which were paid for by the Capital Projects Fund and one for by the Cemetery Trust Fund and charged to supplies.

Cause: Mayor and Council did not review the terms of the approved referendum, the applicable provisions of O.C.G.A. 48-8-110, and the City's capitalization policy prior to approval of the expenditures.

Effect: The City is not in compliance with O.C.G.A. Section 48-8-121 and the City's capitalization policy by using Special Purpose Local Option Sales Tax for non-qualifying expenditures.

Recommendation: Only qualifying expenditures should be expended from the proceeds of special purpose local option sales tax.

City Response: The City agrees and will strictly comply with the terms of the referendum and the City's capitalization policy for all future expenditures.

Current Status: The City continues to expend funds for non-qualifying, non-capital expenditures.

City of Lake Park, Georgia
One Percent Special Purpose Local Option Sales Tax
Project Cost Schedule - 2014 Issue
For the Year Ended December 31, 2018

	Estimated Cost		Prior	Current	Cumulative	Percent
	Original		Periods	Period	Cost	Complete
Road, Street and Bridge Projects	$ 250,000	$ 250,000	$ 36,561	$ 30,500	$ 67,061	26.8%
Construction of and Improvements to Public Facilities , Major Capital Equipment, Vehicles and Technology Equipment						
Administrative	55,000	55,000	2,199	-	2,199	4.0%
Public Safety	150,000	91,713	64,625	12,057	76,682	83.6%
Public Works	100,000	100,000	30,037	8,530	38,567	38.6%
Parks and Recreation	100,000	100,000	40,286	-	40,286	40.3%
Water and Sewer Facilities	350,000	296,583	164,740	3,000	167,740	56.6%
Repayment of Caitalized Lease Obligations						
Principal		103,535	73,048	23,742	96,790	93.5%
Interest		8,169	6,895	1,042	7,937	97.2%
Total Current Year Project Cost	$ 1,005,000	$ 1,005,000	$ 418,391	$ 78,871	$ 497,262	
Current Year Expenditures are Reported in:						
Governmental Funds				$ 51,087		
Enterprise Funds				27,784		
Total				$ 78,871		

The City of Lake Park received LMIG income of $15,393 for 2018. Current year LMIG expenditures of $6,000 are included in the above schedule.