City of Lake Park, Georgia

Lake Park, Georgia

Financial Statements

For the Year Ended December 31, 2019

City of Lake Park, Georgia

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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, 2019, 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, and each major fund of the City of Lake Park, Georgia as of December 31, 2019, 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the City of Lake Park, Georgia's financial statements. The accompanying Schedule of Expenditures of One Percent Special Purpose Local Option Sales Tax and the Community Development Block Grant Schedules of Source and Application of Funds and Project Cost Schedule are presented for purposes of additional analysis and are 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 One Percent Special Purpose Local Option Sales and Community Development Block Grant Schedules of Source and Application of Funds and Project Cost Schedule are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Expenditure of One Percent Special Purpose Local Option Sales Tax and Community Development Block Grant Schedules of Source and Application of Funds and Project Cost Schedule 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 August 4, 2020, 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

August 4, 2020

City of Lake Park, Georgia
Statement of Net Position
December 31, 2019

Assets and Deferred Outflows of Resources	Primary Government		
	Governmental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 506,591	$ 86,691	$ 593,282
Investments	81,840	40,155	121,995
Receivables, net	119,026	6,535	125,561
Internal Balances	32,906	(32,906)	-
Restricted Assets			
Cash and Cash Equivalents	146,415	9,082	155,497
Capital Assets			
Land and Other Nondepreciable Assets	101,430		101,430
Other Capital Assets, Net of Depreciation	497,397	306,548	803,945
Total Capital Assets	598,827	306,548	905,375
Total Assets	1,485,605	416,105	1,901,710
Deferred Outflows of Resources			
Pensions	42,409		42,409
	42,409	-	42,409
Total Assets and Deferred Outflows of Resources	$ 1,528,014	$ 416,105	$ 1,944,119
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts Payable	$ 16,736	$ -	$ 16,736
Accrued Liabilities	7,852		7,852
Compensated Absences	7,003		7,003
Deposits		5,903	5,903
Other	4,580		4,580
Net Pension Obligation	136,793		136,793
Long-term Liabilities			
Current Portion of Long-Term Debt			-
Non-Current Portion of Long-Term Debt			-
Total Liabilities	172,964	5,903	178,867
Deferred Inflows of Resources			
Pensions			-
	-	-	-
Net Position			
Investment in Capital Assets	598,827	306,548	905,375
Restricted for:			
Capital Projects	386,069		386,069
Memorial Cemetery Trust Fund	108,852		108,852
Unrestricted	261,302	103,654	364,956
Total Net Position	1,355,050	410,202	1,765,252
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,528,014	$ 416,105	$ 1,944,119

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, 2019

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	$ 212,176	$ 31,213	$ -	$ -	$ (180,963)	$ -	$ (180,963)
Judicial	37,964	-	-	-	(37,964)		(37,964)
Public Safety	332,134	99,030	-	-	(233,104)		(233,104)
Public Works	139,196	-	16,493	159,427	36,724		36,724
Culture and Recreation	15,929	14,500	-	-	(1,429)		(1,429)
Interest on Long-Term Debt	346				(346)		(346)
Total Governmental Activities	737,745	144,743	16,493	159,427	(417,082)	-	(417,082)
Business Type Activities:							
Water System	81,174	104,592		-		23,418	23,418
Total Business Type Activities	81,174	104,592	-	-		23,418	23,418
Total Primary Government	$ 818,919	$ 249,335	$ 16,493	$ 159,427	$ (417,082)	$ 23,418	$ (393,664)
General Revenues							
Taxes							
Property Taxes					273,669		273,669
Sales Tax					111,260		111,260
Insurance Premium Tax					55,883		55,883
Franchise					52,277		52,277
Alcoholic Beverage					40,271		40,271
Investment					2,117	51	2,168
Miscellaneous					8,749		8,749
Transfers					23,700	(23,700)	-
Total General Revenues and Transfers					567,926	(23,649)	544,277
Changes in Net Position					150,844	(231)	150,613
Net Position, Beginning of Period					1,204,206	410,433	1,614,639
Net Position, End of Period					$ 1,355,050	$ 410,202	$ 1,765,252

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

City of Lake Park, Georgia
Balance Sheet
Governmental Funds
December 31, 2019

	Major Governmental Funds				
		Major Capital Projects			
	General	Special Purpose LOST	Transportation Special Purpose LOST	Memorial Cemetery Trust Fund	Total Governmental Funds
Assets					
Cash and Cash Equivalents	$ 194,559	$ 312,032	$ -	$ -	$ 506,591
Investments	81,840				81,840
Receivables					
Taxes	39,125				39,125
Intergovernmental	10,144	12,765	1,734		24,643
Other	55,258				55,258
Interfund	-	38,700			38,700
Restricted Assets					-
Cash and Investments	16,725		20,838	108,852	146,415
Other					-
Total Assets	$ 397,651	$ 363,497	$ 22,572	$ 108,852	$ 892,572
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
Accounts Payable	$ 16,736	$ -	$ -	$ -	$ 16,736
Accrued Expenses	7,852				7,852
Interfund	5,794				5,794
Other	4,580				4,580
Total Liabilities	34,962	-	-	-	34,962
Deferred Inflows of Resources					
Unavaliable Revenue - Property Taxes	25,330				25,330
Total Deferred Inflows of Resources	25,330	-	-	-	25,330
Fund Balance					
Nonspendable				108,852	108,852
Restricted		363,497	22,572		386,069
Committed					-
Assigned	16,725				16,725
Unassigned	320,634				320,634
Total Fund Balance	337,359	363,497	22,572	108,852	832,280
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 397,651	$ 363,497	$ 22,572	$ 108,852	$ 892,572

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, 2019

Total Fund Balance - Governmental Funds (Page 6)		$ 832,280
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	793,282	
Machinery and Equipment	814,648	
	1,754,926	
Accumulated Depreciation	1,156,099	
	598,827	
Construction in Progress	-	598,827
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.		25,330
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.		(136,793)
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		42,409
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.		(7,003)
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	$ 32,906	
Internal Balances	(32,906)	-
Net Position of Governmental Activities (Page 4)		$ 1,355,050

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, 2019

	Major Governmental Funds				
		Major Capital Projects			
	General	Special Purpose LOST	Transportation Special Purpose LOST	Memorial Cemetery Trust Fund	Total Governmental Funds
Revenues					
Property Taxes	$ 265,330	$ -	$ -	$ -	$ 265,330
Sales Tax	111,260				111,260
Insurance Premium Tax	55,883				55,883
Other Taxes	115,820				115,820
Intergovernmental	615	157,472	18,359		176,446
Licenses and Permits	6,350				6,350
Charges for Services	975			7,600	8,575
Fines and Forfeitures	99,031				99,031
Investment	2,117	46		42	2,205
Contributions	1,875				1,875
Other	14,436				14,436
Total Revenues	673,692	157,518	18,359	7,642	857,211
Expenditures					
Current					
General Government	184,056		19		184,075
Judicial	37,964				37,964
Public Safety	275,464				275,464
Public Works	107,391				107,391
Culture and Recreation	10,473			1,371	11,844
Debt Service					
Principal		6,744			6,744
Interest on Long-term Debt		346			346
Capital		23,075			23,075
Total Expenditures	615,348	30,165	19	1,371	646,903
Excess (Deficit) of Revenues Over (Under) Expenditures	58,344	127,353	18,340	6,271	210,308
Other Financing Sources (Uses)					
Transfers in	23,700				23,700
Net Other Financing Sources (Uses)	23,700	-	-	-	23,700
Change in Fund Balance	82,044	127,353	18,340	6,271	234,008
Fund Balance, Beginning	255,315	236,144	4,232	102,581	598,272
Fund Balance, Ending	$ 337,359	$ 363,497	$ 22,572	$ 108,852	$ 832,280

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, 2019

Net Change in Fund Balance - Total Governmental Funds (Page 8)			$ 234,008
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.			23,075
Governmental Funds do not report depreciation as an expense. In the Statement of Activities depreciation is recognized as an expense.			(98,515)
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.			(662)
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	$	25,330	
Property Taxes - Beginning of Year		16,991	8,339
Compensated absences are reported in the Statement of Activities but are not reported as expenses in Governmental Funds.			
Accrued Liability - End of Year	$	7,003	
Accrued Liability - Beginning of Year		5,818	(1,185)
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	$	136,793	
Net Pension Obligation (Asset) - Beginning of Year		99,912	(36,881)
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.			6,744
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	$	42,409	
Deferred Outflows/Inflows - Beginning of Year		26,488	15,921
Transfers between Governmental Funds are reported in the Governmental Funds operating statements but are eliminated on the Government-Wide Statement of Activities.			
Transfers in	$	23,700	
Transfers out		(23,700)	-
Change in Net Position of Governmental Activities (Page 5)			$ 150,844

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, 2019

	Major Enterprise Fund Water System
Assets	
Current Assets	
Cash and Cash Equivalents	$ 86,691
Investments (Certificates of Deposit)	40,155
Receivables, net of allowance for doubtful accounts	6,535
Restricted Assets	
Customer Deposits	9,082
Total Current Assets	142,463
Non-Current Assets	
Capital Assets	
Construction in Progress	-
Machinery and Equipment	48,697
Distribution System	511,658
	560,355
Accumulated Depreciation	253,807
Net Capital Assets	306,548
Total Non-Current Assets	306,548
Total Assets	$ 449,011
Liabilities and Net Position	
Current Liabilities	
Accounts Payable	$ -
Accrued Expenses	-
Interfund	32,906
Total Current Liabilities	32,906
Non-Current Liabilities	
Customer Deposits	5,903
Total Long-Term Liabilities	5,903
Total Liabilities	38,809
Net Position	
Investment in Capital Assets	306,548
Unrestricted	103,654
Total Net Position	410,202
Total Liabilities and Net Position	$ 449,011

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, 2019

	Major Enterprised Fund Water System
Operating Revenues	
User Fees	$ 97,967
Other	6,625
Total Operating Revenues	104,592
Operating Expenses	
Salary and Wages	22,322
Benefits	2,342
	24,664
Purchased Technical Services	6,913
Repairs and Maintenance	16,502
Insurance	-
Education and Training	70
Materials and Supplies	2,647
Energy	12,670
Small Equipment	2,220
Other Supplies	1,223
Depreciation	14,265
Total Operating Expeses	81,174
Operating Income (Loss)	23,418
Non-Operating Revenue (Expense)	
Investment Income	51
Total Non-Operating Revenue (Expense)	51
Income (Loss) Before Other Revenues (Expenses) and Transfers	23,469
Other Revenues (Expenses) and Transfers	
Capital Contribution (Capital Project Fund)	-
Transfer to General Fund	(23,700)
Total Other Revenues (Expenses) and Transfers	(23,700)
Increase (Decrease) in Net Position	(231)
Net Position, Beginning	410,433
Net Position, Ending	$ 410,202

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, 2019

	Major Enterprise Fund Water System
Cash Flow from Operating Activities	
Receipts from Customers	$ 101,159
Other Operating Revenue	-
Compensation and Benefits	(2,017)
Purchase of Goods and Services	(40,894)
Cash Provided from Operating Activities	58,248
Cash Flow from Non-Capital Financing Activities	
Transfers Out	(23,700)
Decrease in Internal Balances	
Cash (Used) for Non-Capital Financing Activities	(23,700)
Cash Flow from Capital and Related Financing	
Purchase of Capital Assets	(27,500)
Cash Provided by Capital and Related Financing	(27,500)
Cash flow from Investing Activities	
Decrease in Investments	27,449
Investment Inome	51
Cash Provided from Investing Activities	27,500
Increase (Decrease) in Cash and Cash Equivalents	34,548
Cash and Cash Equivalents, Beginning of Year	61,225
Cash and Cash Equivalents, Ending of Year	$ 95,773
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used By) Operating Activities	
Operating Income (Loss)	$ 23,418
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided from (Used) By Operating Activities:	
Depreciation Expense	14,265
Change in Assets and Liabilities:	
(Increase) Decrease in Receivables	(2,885)
(Decrease) Increase in Account Payable	
Increase in Other Liabilities	23,450
Net Cash Provided from (Used by) Operating Activities	$ 58,248
Supplementary Cash Flow Information	
Acquisition of Capital Assets (acquired through Capital Project Funds)	$ -
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 account 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).

The Special Purpose Local Option Sales Tax (Capital Project Fund) for capital projects financed from the special purpose local option sales tax referendum approved by voters for the four year reporting period beginning in April, 2015.

The Transportation Special Purpose 1% Sales Tax (Capital Project Fund) is used to account for the revenues and expenditures relating to the Transportation Investment Act (TIA) referendum. The City will receive a designated allocation over a 10-year period to fund transportation improvements.

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.

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

(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, 2019, 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	$ 63,800	$ 69,131	$ 5,331
Administration	11,600	16,202	4,602
Public Safety			
Patrol	159,905	168,940	9,035
Public Works			
Highways and Streets	104,326	107,391	3,065

(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) is comprised of the November 2018 SPLOST payment of $12,027, the October 2019 SPLOST payment of $12,533 received from Lowndes County, Georgia, and net LMIG receipts of $9,393 for 2018 and $4,747 for 2019 being deposited in the General Fund. These funds are scheduled to be transferred to the Capital Project Fund in August 2020.

Note 3 – Cash and Cash Equivalents

As of December 31, 2019, the primary government's deposits, including certificates of deposits were $860,976 and the account balances per the financial institutions were $866,363. Of the financial institution's account balances $319,052 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	801,602
Investments (time deposits)	69,052
Total	$ 870,774

Total cash and equivalents include restricted cash of the $16,725 in the General Fund, $108,852 in the Memorial Cemetery Fund, and customer deposits of $9,082 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	$ 27,043
Prior years levies	12,082
	39,125
Less Allowance for uncollectible accounts	-
Net property taxes receivable	$ 39,125

Note 5 – Receivables

Receivables are summarized as follows:

	Governmental Funds			Enterprise	
	General Fund	SPLOST	TSPLOST	Water Fund	Total
Receivables					
Property Taxes	$ 39,125	$ -	$ -	$ -	$ 39,125
Charges for Services				6,535	6,535
Other					
Franchise Taxes	52,098				52,098
Excise Taxes	3,160				3,160
Intergovernmental					
Local Option Sales And Use Tax	10,144	12,765			22,909
Transportation Local Option Sales Tax		-	1,734	-	1,734
Total	$ 104,527	$ 12,765	$ 1,734	$ 6,535	$ 125,561

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	$	$ 5,794
Capital Projects Fund (Special Purpose Local Option Sales Tax)	38,700	
Transportation Special Purpose Local Option Sales Tax		
Total Governmental Funds	38,700	5,794
Enterprise Fund	-	32,906
Totals	$ 38,700	$ 38,700

The Capital Project Fund receivable from the General Fund is the result of depositing in the General Fund Special Purpose Local Sales Tax Distributions received from Lowndes County, Georgia in the amount of $24,560 and $14,140 of the remaining portion of the 2018 and 2019 Local Maintenance Improvement Grants.

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, 2019 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	686,887	4,965			691,852
Infrastructure	146,966				146,996
Machinery and Equipment	830,680	18,109	34,141		814,648
Total Other Capital Assets	1,664,563	23,074	34,141		1,653,496
Less Accumulated Depreciation					
Buildings & Improvements	431,176	22,568			453,744
Infrastructure	57,728	12,317			70,045
Machinery & Equipment	602,158	63,630	33,478		632,310
Total Depreciation	1,091,062	98,515	33,478		1,156,099
Net Other Capital Assets	573,501	(75,441)	(663)		497,397
Total Capital Assets, net	$ 674,931	$ (75,441)	$ (663)	$	$ 598,827

Business-Type Activities:

Capital Assets not being Depreciated					
Construction in Progress	$ -	$ -	$ -	$ -	$ -
Other Capital Assets					
Utility System	511,658				511,658
Machinery and Equipment	21,197	27,500			48,697
Total Other Capital Assets	532,855	27,500	-	-	560,355
Less Accumulated Depreciation					
Utility System	220,510	12,487			232,997
Machinery and Equipment	19,032	1,778			20,810
Total Depreciation	239,542	14,265			253,807
Net Other Capital Assets	293,313	13,235			306,548
Total Capital Assets, net	$ 293,313	$ 13,235	$ -	$ -	$ 306,548

Construction in Progress

The City has been awarded a Community Development Block Grant to improve existing and construct new water facilities. The estimated cost of the project is $591,721. Construction is to begin in 2020 with completion in 2021. The project will be funded by the grant of $378,349 and local funds of $213,413. The City match will be funded $189,105 from the City's Capital Projects (SPLOST VII) Fund and in-kind services of $24,308.

Depreciation (including amortization) was charged to functions as follows:

Governmental activities:	
General government	$ 6,691
Public safety	58,050
Public works	29,689
Culture and recreation	4,085
Total depreciation expense – governmental activities	$ 98,515
Business—type activities	
Water fund	$ 14,265
Total depreciation expense – business-type activities	$ 14,265

Governmental activities depreciation expense includes amortization of financed lease public safety equipment of $4,505. The rescue equipment was acquired in August 2014 at a cost of $31,535. The financing lease was paid in 2019.

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
2020	$ -	$ -	$ -

Aggregate maturities of Leases as of December 31, 2019 are as follows:

Year Ended December 31st	Interest	Principal	Total Payment
2020 and Thereafter	$ -	$ -	$ -
Total	$ -	$ -	$ -

Changes in long-term debt obligations for the year ended December 31, 2019, are summarized as follows:

	Balance Beginning of Period	Additions	Repayments	Balance End of Period	Amount Due in One Year
Governmental Activities					
Capitalized Lease Obligation	$ 6,744	$	$ 6,744	$ -	$ -
Compensated Absences	5,818	6,674	5,489	7,003	7,003
Total Governmental Activities	$ 12,562	$ 6,674	$ 12,233	$ 7,003	$ 7,003

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	$ -	$ -	$ -	$ 108,852	$ 108,852
Restricted					
Capital Projects Special Purpose and Transportation Local Option Sales Tax		363,497	22,572		386,069
Committed					
Assigned					
Public Safety, Culture And Recreation	16,725				16,725
Unassigned	320,634				320,634
Total	$ 337,359	$ 363,497	$ 22,572	$ 108,852	$ 832,280

Note 10 - 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, 2019 is as follows:

Pensioners as of the valuation date (including no beneficiaries)	3
Participants inactive during the year ended June 30, 2019 with Vested rights	3
Participants active during the year ended June 30, 2019 (including no elected officials)	7
Total	13
Fully Vested	5
Not Vested	2

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 $41,166. 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 $49,447 for the year ended December 31, 2019 (21.62% of covered payroll).

The net pension liability as of the March 31, 2019 measurement date is $136,793, this amount being the excess of the total pension liability of $671,627 over the plan's fiduciary net position of $534,834. 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, 2019 measurement period:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) – (b)
Balances at March 31, 2018*	$ 634,755	$ 534,843	$ 99,912
Changes for the year:			
Service cost	23,570		23,570
Interest	47,413		47,413
Differences between expected and actual experience	18,202		18,202
Contributions – employer	-	38,121	(38,121)
Net investment income	-	19,159	(19,159)
Benefit payments	(52,313)	(52,313)	-
Administrative expense	-	(4,976)	4,976
Other	-	-	-
Net changes	36,872	(9)	36,881
Balances at March 31, 2019**	$ 671,627	$ 534,834	$ 136,793

** 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.*

*** Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2019 are used to measure TPL as of March 31, 2019. The balances as of March 31, 2019 constitute measurements of the NPL for the fiscal year ending December 31, 2019.*

Pension expense for the year ended December 31, 2019 based on the March 31, 2019 measurement date is comprised of:

Service Cost	$ 23,570
Interest on TPL	47,413
Administrative expenses	4,976
Expected return on assets	(39,394)
Expensed portion of current year period differences between expected and actual experience in TPL	4,549
Expensed portion of current year period assumption changes	-
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	4,047
Current year recognition of deferred inflows and outflows established in prior years	13,920
Total Expense	$ 59,081

Actuarial Methods and Assumptions

The total pension liability in the July 1, 2019 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, 2019
Valuation Date	The actuarially determined contribution was determined as of July 1, 2019, 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, 2020.
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 10 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, 2019 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, 2019 are summarized in the following table:

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

Plan Termination Basis: 3.04% (30-year Treasury Securities Rate as of August 2018, published in September, 2018; 2.80% 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	$ 196,278	$ 136,793	$ 85,178

The City's net deferred outflows and inflows of resources for the March 31, 2019 measurement period are summarized as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 37,057	$ -
Changes of assumptions	4,764	-
Net difference between projected and actual earnings on pension plan investments	588	-
Total	$ 42,409	$ -

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
2020	$ 19,962
2021	12,678
2022	5,722
2023	4,047
2024 and Thereafter	0
Total	$ 42,409

Note 11 - 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, 2019. 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
2019	$ -	$ -	$ -	$ -
2018	-	28,315	21,115	7,200
2017	-	-	-	-

Note 12 - 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.

The City is in the process of acquiring a drainage easement to alleviate flooding. Litigation has commenced to obtain access to the property to do surveys and engineering studies for possible condemnation. The City Attorney believes the City's exposure will be limited to the payment of reasonable compensation for acquisition of the easement.

Note 13 - Contingencies

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

Note 14 – Subsequent Events

Subsequent events were evaluated through August 4, 2020, 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, 2019

	Budget		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues				
Property Taxes	$ 225,550	$ 225,550	$ 265,330	$ 39,780
Local Option Sales Tax	102,000	102,000	111,260	9,260
Insurance Premium Tax	49,000	49,000	55,883	6,883
Other Taxes	101,600	100,300	115,820	15,520
Intergovernmental	-	-	615	615
Licenses and Permits	4,600	5,525	6,350	825
Charges for Services	925	1,700	975	(725)
Fines and Forfeitures	90,200	97,200	99,031	1,831
Investment	25	25	2,117	2,092
Contributions and Donations	15,500	11,500	1,875	(9,625)
Other Miscellaneous	550	4,150	14,436	10,286
Total Revenues	589,950	596,950	673,692	76,742
Expenditures				
General Government	147,611	176,611	184,056	(7,445)
Judicial	32,000	35,000	37,964	(2,964)
Public Safety	287,754	286,754	275,464	11,290
Public Works	104,326	104,326	107,391	(3,065)
Culture and Recreation	9,700	9,700	10,473	(773)
Debt Service	-	-	-	-
Total Expenditures	581,391	612,391	615,348	(2,957)
Excess (Deficit) of Revenues Over (Under) Expenditures	8,559	(15,441)	58,344	73,785
Other Financing Sources (Uses)				
Transfers, net	23,700	23,700	23,700	-
Appropriation of Surplus		-		-
Net Other Financing Sources (Uses)	23,700	23,700	23,700	-
Change in Fund Balance	32,259	8,259	82,044	73,785
Fund Balance, Beginning	255,315	255,313	255,315	-
Fund Balance, Ending	$ 287,574	$ 263,572	$ 337,359	$ 73,785

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, 2019

	Calendar Year Ended December 31,										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability											
Service cost	$ 23,570	$ 21,139	$ 20,190	$ 19,676	$ 17,413						
Interest	47,413	43,362	41,787	40,183	38,192						
Difference between expected and actual experience	18,202	27,372	10,665	13,151	14,856	(Historical Information Prior to Implementation of GASB 67/68 is not Required)					
Changes of assumptions		9,526		-	7,535						
Changes in benefit terms											
Benefit payments	(52,313)	(52,313)	(52,313)	(52,313)	(52,313)						
Net Change in Total Pension Liability	36,872	49,086	20,329	20,697	25,683						
Total Pension Liability, Beginning	634,755	585,669	565,340	544,643	518,960						
Total Pension Liability, Ending	$ 671,627	$ 634,755	$ 585,669	$ 565,340	$ 544,643						
Plan Fiduciary Net Position											
Contributions - employer	$ 38,121	$ 32,497	$ 29,096	$ 26,018	$ 27,246						
Net investment income	19,159	60,957	57,589	1,028	45,735						
Benefit payments	(52,313)	(52,313)	(52,313)	(52,313)	(52,313)						
Administrative expenses	(4,976)	(4,989)	(5,175)	(3,176)	(2,817)	(Historical Information Prior to Implementation of GASB 67/68 is not Required)					
Other											
Net Change in Fiduciary Net Position	(9)	36,152	29,197	(28,443)	17,851						
Plan Fiduciary Net Position, Beginning	534,843	498,691	469,494	497,937	480,086						
Plan Fiduciary Net Position, Ending	$ 534,834	$ 534,843	$ 498,691	$ 469,494	$ 497,937						
Net Pension Liability	$ 136,793	$ 99,912	$ 86,978	$ 95,846	$ 46,706						
Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	79.63%	84.26%	85.15%	83.05%	91.42%						
Covered Compensation	$ 225,679	$ 215,572	$ 218,876	$ 207,435	$ 196,470	(Historical Information Prior to Implementation of GASB 67/68 is not Required)					
Net Pension Liability as a percentage of Covered Compensation	60.61%	46.35%	39.74%	46.21%	23.77%						
Schedule of Contributions											
Actuarially determined contributions	$ -	* $ 35,414	$ 31,524	$ 28,287	$ 25,262						
Contributions in relation to the actuarially determined contribution	-	* 35,414	** 31,524	28,287	25,262	(Historical Information Prior to Implementation of GASB 67/68 is not Required)					
Contribution deficience (excess)	$ -	* $ -	$ -	$ -	$ -						
Covered-employee payroll	$ -	* $215,572	*** $218,876	$ 207,435	$ 196,470						
Contributions as a percentage of covered-employee payroll		* 16.43%	14.40%	13.64%	12.86%						

* *2019 information will be determined after fiscal year end and will be included in the 2020 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.*

*** *2018 covered payroll is based on data collected as of March 31, 2018 for the 2018 actuarial valuation.*

GARY R. ZEIGLER, P.C.

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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, 2019, 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 August 4, 2020.

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,* item 2019.01, 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 2019.02, 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 2019.03 and 2019.04.

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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

August 4, 2020

City of Lake Park, Georgia
Schedule of Findings and Responses
For the Year Ended December 31, 2019

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 were no Federal awards received or expended during 2019.

Financial Statement Findings and Responses

Current Year Findings

2019.01 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.

2019.02 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.

2019.03 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, equipment rental, repairs and maintenance, travel and training, 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.

2019.04 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. Proceeds shall be kept in a separate account and not comingled with other County funds.

Condition: As of December 31, 2019 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 $38,700.

Cause: Special Purpose Local Option Sales Tax in the amounts of $12,027 for November 2018 and $12,533 for October 2019 were deposited in the General Fund. LMIG grant revenues of $15,393 for 2018 and $16,493 for 2019 were deposited in the General Fund. After payments in the general fund of $6,000 (2018) and $11,746 (2019) the remaining balances of $9,393 (2018) and $4,747 (2019) had not been transferred to the Capital Projects Fund by December 31, 2019. LIMG revenues and expenditures are reported 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 $38,700.

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

City Response: The City concurs. SPLOST and LMIG funds will be transferred from the General Fund to the Capital Project Funds.

Prior 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.

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

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.

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

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.

Current Status: The City continues to incur expenditures in excess of appropriations.

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, 2019, $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.

Current Status: The City did not have any unauthorized use of funds in 2019.

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.

Current Status: TSPLOST funds were transferred to the capital projects fund during 2019. SPLOST funds had not been transferred as of December 31, 2019.

City of Lake Park, Georgia
One Percent Special Purpose Local Option Sales Tax
Project Cost Schedule - 2014 Issue
For the Year Ended December 31, 2019

	Estimated Cost		Prior	Current	Cumulative	Percent
	Original	Revised	Periods	Period	Cost	Complete
Road, Street and Bridge Projects	$ 250,000	$ 223,897	$ 67,061	$ 11,746	$ 78,807	35.2%
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	74,313	76,682	6,363	83,045	111.8%
Public Works	100,000	91,300	38,567	-	38,567	42.2%
Parks and Recreation	100,000	100,000	40,286	4,965	45,251	45.3%
Water Facilities	350,000	348,786	167,740	-	167,740	48.1%
Repayment of Caitalized Lease Obligations						
Principal		103,535	96,790	6,744	103,534	100.0%
Interest		8,169	7,937	347	8,284	100.0%
Total Current Year Project Cost	$ 1,005,000	$ 1,005,000	$ 497,262	$ 30,165	$ 527,427	
Current Year Expenditures are Reported in:						
Governmental Funds				$ 30,165		
Enterprise Funds				-		
Total				$ 30,165		

The City of Lake Park received LMIG income of $16,493 for 2019. Current year LMIG expenditures of $11,746 are included in the above schedule.

During 2019 the City transferred $52,203 to Water Facility projects to provide the required match for the 2019 CDBG project.

Lake Park, Georgia
Community Development Block Grant
19p-x-092-2-6073
Schedule of Source and Application of Funds
For the Year Ended December 31, 2019

Total Program Year 2019 Funds Allocated	$ 378,349
Less: Total Program 2019 Funds Drawn	-
Funds Available from Program Year 2019	$ 378,349
Total Program Year 2019 Funds Drawn and Received	$ -
Less: Funds Applied and Expended to Program Year 2019 Costs	-
Total Program Year 2019 Funds Held	$ -

Lake Park, Georgia
Community Development Block Grant
19p-x-092-2-6073
Project Cost Schedule
For the Year Ended December 31, 2019

Activity	Number	Budget	To Date Costs
Water Facilities	P-03J-01	$ 318,594	$ -
Engineering	T-03J-01	34,755	-
Administration	A-21A-00	25,000	-
Totals		$ 378,349	$ -