City of Lake Park, Georgia

Lake Park, Georgia

Financial Statements

For the Year Ended December 31, 2020

City of Lake Park, Georgia

Table of Contents

	Page
Financial Information	
Independent Auditor's Report	1 - 3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Governmental Funds	
Balance Sheet – Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	9
Proprietary Fund	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12
Notes to Financial Statements	13 – 29
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	30
Notes to Required Supplementary Information	30
Schedule of Funding Progress and Schedule of Employer Contributions for GMA Pension Plan	31

City of Lake Park, Georgia

Table of Contents

	Page
Compliance Section	
Reports Required by Governmental Auditing Standards	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	32 – 33
Schedule of Expenditure of Federal Financial Assistance	34
Schedule of Findings and Responses	35 – 39
Reports Required by State Statute or Regulations	
Project Cost Schedules	
One Percent Special Purpose Local Option Sales Tax – 2019 Issue	40
One Percent Special Purpose Local Option Sales Tax – 2014 Issue	41
Community Development Block Grant 19p-x-092-2-6073	
Schedule of Source and Application of Funds	42
Project Cost Schedule	43

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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 financial 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, 2020, 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 the 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, 2020, 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 30 through 31, 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 basic financial statements. The accompanying Project Cost Schedules of Expenditure of One Percent Special Purpose Local Option Sales Tax – issues 2019 and 2014 and the Community Development Block Grant Schedules of Project Cost and Source and Application of Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditure of One Percent Special Purpose Local Option Sales Tax Proceeds is required by the Official Code of Georgia Annotated 48-8-121. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and other records used to prepare 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 the basic financials 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 Project Cost and Source and Application of Funds 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 June 28, 2022, 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

June 28, 2022

City of Lake Park, Georgia
Statement of Net Position
December 31, 2020

Assets and Deferred Outflows of Resources	Primary Government		
	Governmental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 295,928	$ 87,115	$ 383,043
Investments	188,394	40,207	228,601
Receivables, net	133,442	9,609	143,051
Internal Balances	12,434	(12,434)	-
Prepaids	30,662		30,662
Restricted Assets			
Cash and Cash Equivalents	529,667	9,390	539,057
Capital Assets			
Land and Other Nondepreciable Assets	101,430	49,416	150,846
Other Capital Assets, Net of Depreciation	512,580	290,908	803,488
Total Capital Assets	614,010	340,324	954,334
Total Assets	1,804,537	474,211	2,278,748
Deferred Outflows of Resources			
Pensions	114,997		114,997
	114,997	-	114,997
Total Assets and Deferred Outflows of Resources	$ 1,919,534	$ 474,211	$ 2,393,745
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts Payable	$ 14,238	$ 2,117	$ 16,355
Accrued Liabilities	1,123		1,123
Compensated Absences	3,837		3,837
Deposits		10,222	10,222
Unearned Revenue	-		-
	-		-
Net Pension Obligation	251,605		251,605
Long-term Liabilities			
Current Portion of Long-Term Debt			-
Non-Current Portion of Long-Term Debt			-
Total Liabilities	270,803	12,339	283,142
Deferred Inflows of Resources			
Pensions	-		-
	-	-	-
Net Position			
Investment in Capital Assets	614,010	340,324	954,334
Restricted for:			
Capital Projects	598,080		598,080
Memorial Cemetery Trust Fund	114,694		114,694
Unrestricted	321,947	121,548	443,495
	b		
Total Net Position	1,648,731	461,872	2,110,603
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,919,534	$ 474,211	$ 2,393,745

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, 2020

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	$ 228,864	$ 26,146	$ -	$ -	$ (202,718)	$ -	$ (202,718)
Judicial	9,542	1,182	-	-	(8,360)		(8,360)
Public Safety	330,384	62,611	63,184	20,686	(183,903)		(183,903)
Public Works	145,627	-	-	294,375	148,748		148,748
Culture and Recreation	16,180	12,400	-	-	(3,780)		(3,780)
Interest on Long-Term Debt	-				-		-
Total Governmental Activities	730,597	102,339	63,184	315,061	(250,013)	-	(250,013)
Business Type Activities:							
Water System	76,662	100,540		-		23,878	23,878
Total Business Type Activities	76,662	100,540	-	-		23,878	23,878
Total Primary Government	$ 807,259	$ 202,879	$ 63,184	$ 315,061	$ (250,013)	$ 23,878	$ (226,135)
General Revenues							
Taxes							
Property Taxes					294,224		294,224
Sales Tax					121,623		121,623
Insurance Premium Tax					59,819		59,819
Franchise					50,209		50,209
Alcoholic Beverage					43,194		43,194
Investment					13	101	114
Miscellaneous					2,874		2,874
Gain (Loss) Sale of Equipment					(571)		(571)
Transfers					(27,691)	27,691	-
Total General Revenues and Transfers					543,694	27,792	571,486
Changes in Net Position					293,681	51,670	345,351
Net Position, Beginning of Period					1,355,050	410,202	1,765,252
Net Position, End of Period					$ 1,648,731	$ 461,872	$ 2,110,603

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

City of Lake Park, Georgia
Balance Sheet
Governmental Funds
December 31, 2020

	Major Governmental Funds							
		Major Capital Projects						
		Special Purpose Local Option Sales Tax		Transportation Special Purpose	Community Development	Memorial Cemetery	Local Relief	Total Governmental
	General	2019 Issue	2014 Issue	LOST	Block Grant	Trust Fund	Fund	Funds
Assets								
Cash and Cash Equivalents	$ 210,090	$ -	$ -	$ -	$ -	$ 85,838	$ -	$ 295,928
Investments	188,394							188,394
Receivables								-
Taxes	46,884							46,884
Intergovernmental	11,561	18,538		2,088				32,187
Other	54,371							54,371
Interfund	12,433		19,076					31,509
Restricted Assets								
Cash and Investments	5,541	169,563	284,865	40,766		28,932		529,667
								-
Total Assets	$ 529,274	$ 188,101	$ 303,941	$ 42,854	$ -	$ 114,770	$ -	$ 1,178,940
Liabilities, Deferred Inflows of Resources, and Fund Balance								
Liabilities								
Accounts Payable	$ 14,238	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,238
Accrued Expenses	1,047					76		1,123
Unearned Revenue								-
Interfund	19,076							19,076
Total Liabilities	34,361	-	-	-	-	76	-	34,437
Deferred Inflows of Resources								
Unavaliable Revenue - Property Taxes	6,493							6,493
Total Deferred Inflows of Resources	6,493	-	-	-	-	-	-	6,493
Fund Balance								
Nonspendable						114,694		114,694
Restricted		188,101	303,941	42,854				534,896
Committed							-	-
Assigned	5,541							5,541
Unassigned	482,880							482,880
Total Fund Balance	488,421	188,101	303,941	42,854	-	114,694	-	1,138,011
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 529,275	$ 188,101	$ 303,941	$ 42,854	$ -	$ 114,770	$ -	$ 1,178,941

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, 2020

Total Fund Balance - Governmental Funds (Page 6)		$ 1,138,011
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	$ 221,357	
Site and site improvements, including buildings	808,668	
Machinery and Equipment	822,213	
	1,852,238	
Accumulated Depreciation	1,238,228	
	614,010	
Construction in Progress	-	614,010
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.		6,493
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.		(251,605)
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		114,997
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.		(3,837)
Advance or deposit payments in capital project funds are reported as current period expenses. On the Govrnment Wide Statement of Net Position the advance prepayments for the puchase of capital assets are reported as assets.		30,662
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	$ 31,509	
Internal Balances	(31,509)	-
Net Position of Governmental Activities (Page 4)		$ 1,648,731

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, 2020

	Major Governmental Funds							
		Major Capital Projects						
		Special Purpose Local Option Sales Tax		Transportation Special Purpose	Community Development	Memorial Cemetery	Local Relief	Total Governmental
	General	2019 Issue	2014 Issue	LOST	Block Grant	Trust Fund	Fund	Funds
Revenues								
Property Taxes	$ 313,061	$ -		$ -	$ -	$ -		$ 313,061
Sales Tax	121,623							121,623
Insurance Premium Tax	59,819							59,819
Other Taxes	115,666							115,666
Intergovernmental	20,686	196,574	45,351	20,282	32,066		63,184	378,143
Licenses and Permits	3,883							3,883
Charges for Services	1,182					7,300		8,482
Fines and Forfeitures	62,611							62,611
Investment	13		58			44		115
Contributions	-							-
Other	7,974							7,974
Total Revenues	706,518	196,574	45,409	20,282	32,066	7,344	63,184	1,071,377
Expenditures								
Current								
General Government	183,927							183,927
Judicial	9,542							9,542
Public Safety	257,023						63,184	320,207
Public Works	113,037							113,037
Culture and Recreation	9,152					1,502		10,654
Capital		8,473	107,115		-			115,588
Total Expenditures	572,681	8,473	107,115	-	-	1,502	63,184	752,955
Excess (Deficit) of Revenues Over (Under) Expenditures	133,837	188,101	(61,706)	20,282	32,066	5,842	-	318,422
Other Financing Sources (Uses)								
Proceeds from Sale of Surplus Assets	15,000							15,000
Transfers	2,225		2,150		(32,066)			(27,691)
Net Other Financing Sources (Uses)	17,225	-	2,150	-	(32,066)	-	-	(12,691)
Change in Fund Balance	151,062	188,101	(59,556)	20,282	-	5,842	-	305,731
Fund Balance, Beginning	337,359	-	363,497	22,572	-	108,852	-	832,280
Fund Balance, Ending	$ 488,421	$ 188,101	$ 303,941	$ 42,854	$ -	$ 114,694	$ -	$ 1,138,011

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, 2020

Net Change in Fund Balance - Total Governmental Funds (Page 8)		$ 305,731
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.		130,483
Governmental Funds do not report depreciation as an expense. In the Statement of Activities depreciation is recognized as an expense.		(99,729)
Governmental fund report advances for the purchase of capital assets as expenditures. Government Widfe statements report the advance payaments as assets.		30,662
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.		(15,571)
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	$ 6,493	
Property Taxes - Beginning of Year	25,330	(18,837)
Compensated absences are reported in the Statement of Activities but are not reported as expenses in Governmental Funds.		
Accrued Liability - End of Year	$ 3,837	
Accrued Liability - Beginning of Year	7,003	3,166
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	$ 251,605	
Net Pension Obligation (Asset) - Beginning of Year	136,793	(114,812)
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	$ 114,997	
Deferred Outflows/Inflows - Beginning of Year	42,409	72,588
Transfers between Governmental Funds are reported in the Governmental Funds operating statements but are eliminated on the Government-Wide Statement of Activities.		
Transfers in	$ 27,691	
Transfers out	(27,691)	-
Change in Net Position of Governmental Activities (Page 5)		$ 293,681

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, 2020

	Major Enterprise Fund Water System
Assets	
Current Assets	
Cash and Cash Equivalents	$ 87,115
Investments (Certificates of Deposit)	40,207
Receivables, net of allowance for doubtful accounts	9,609
Restricted Assets	
Customer Deposits	9,390
Total Current Assets	146,321
Non-Current Assets	
Capital Assets	
Construction in Progress	49,416
Machinery and Equipment	48,697
Distribution System	511,658
	609,771
Accumulated Depreciation	269,447
Net Capital Assets	340,324
Total Non-Current Assets	340,324
Total Assets	$ 486,645
Liabilities and Net Position	
Current Liabilities	
Accounts Payable	$ 2,117
Accrued Expenses	-
Interfund	12,434
Total Current Liabilities	14,551
Non-Current Liabilities	
Customer Deposits	10,222
Total Long-Term Liabilities	10,222
Total Liabilities	24,773
Net Position	
Investment in Capital Assets	340,324
Unrestricted	121,548
Total Net Position	461,872
Total Liabilities and Net Position	$ 486,645

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, 2020

	Major Enterprised Fund Water System
Operating Revenues	
User Fees	$ 99,221
Other	1,319
Total Operating Revenues	100,540
Operating Expenses	
Salary and Wages	18,508
Benefits	6,696
	25,204
Purchased Technical Services	6,171
Purchased Property Services	13,998
Insurance	-
Education and Training	668
Materials and Supplies	4,666
Energy	10,101
Small Equipment	-
Other Supplies	213
Depreciation	15,640
Total Operating Expeses	76,661
Operating Income (Loss)	23,879
Non-Operating Revenue (Expense)	
Investment Income	101
Total Non-Operating Revenue (Expense)	101
Income (Loss) Before Other Revenues (Expenses) and Transfers	23,980
Other Revenues (Expenses) and Transfers	
Capital Contributions (Capital Project funds)	49,416
Transfer to General Fund	(21,725)
Total Other Revenues (Expenses) and Transfers	27,691
Increase (Decrease) in Net Position	51,671
Net Position, Beginning	410,202
Net Position, Ending	$ 461,873

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, 2020

	Major Enterprise Fund Water System
Cash Flow from Operating Activities	
Receipts from Customers	$ 102,497
Other Operating Revenue	519
Compensation and Benefits	(25,204)
Purchase of Goods and Services	(55,403)
Cash Provided from Operating Activities	22,409
Cash Flow from Non-Capital Financing Activities	
Transfers Out	(21,725)
Cash (Used) for Non-Capital Financing Activities	(21,725)
Cash Flow from Capital and Related Financing	
Purchase of Capital Assets	
Capital Grants	-
Cash Provided by Capital and Related Financing	-
Cash flow from Investing Activities	
Decrease in Investments	(53)
Investment Inome	101
Cash Provided from Investing Activities	48
Increase (Decrease) in Cash and Cash Equivalents	732
Cash and Cash Equivalents, Beginning of Year	95,773
Cash and Cash Equivalents, Ending of Year	$ 96,505
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used By) Operating Activities	
Operating Income (Loss)	$ 23,879
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided from (Used) By Operating Activities:	
Depreciation Expense	15,640
Change in Assets and Liabilities:	
(Increase) Decrease in Receivables	(3,074)
(Decrease) Increase in Account Payable	2,117
Increase in Other Liabilities	(16,153)
Net Cash Provided from (Used by) Operating Activities	$ 22,409
Supplementary Cash Flow Information	
Acquisition of Capital Assets (acquired through Capital Project Funds)	$ 49,416
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 can 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 two 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 f reporting periods beginning in April 2015 and 2019.

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.

Special Revenue Fund – The Local Relief Fund accounts for financial resources provided and expended from the American Rescue Plan Grant Act received from the U. S. Department of Treasury.

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 that benefit future periods are reported as prepaid items in the government-wide and governmental fund statements.

(F) Inventory

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

(G) Restricted Assets

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

(H) Capital Assets

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

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

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

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

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

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

(I) Unearned Revenue

Unearned revenues represent amount received, but not yet earned, and are reported as liabilities.

(J) 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.

(K) 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.

(L) 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 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.

(M) 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.

(N) 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.

(O) 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.

(P) 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.

(Q) 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.

(R) 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 1, 2020, 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	$ 48,100	$ 58,215	$ 10,115
Administration	13,800	16,981	3,181
Public Safety			
Patrol	140,683	143,349	32,666
Fire	70,900	91,654	20,754

(B) – Deficit fund Balances

There are no funds with deficit fund balances.

(C) – Receivables from and Payables to the General Fund

The General Fund payable of $19,076 is payable to Special Purpose Local Option Sales Tax Fund, Series 2019.

Note 3 – Cash and Cash Equivalents

As of December 31, 2020, the primary government's deposits, including certificates of deposits were $1,150,623 and the account balances per the financial institutions were $1,149,441. Of the financial institution's account balances $478,601 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	994,603
Investments (time deposits)	155,978
Total	$1,150,701

Total cash and equivalents include restricted cash of the $5,541 in the General Fund, $85,838 in the Memorial Cemetery Fund and customer deposits of $9,390 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	$ 36,670
Prior years levies	10,214
	46,884
Less Allowance for uncollectible accounts	-
Net property taxes receivable	$ 46,884

Note 5 – Receivables

Receivables are summarized as follows:

	Governmental Funds			Enterprise	
	General Fund	SPLOST	TSPLOST	Water Fund	Total
Receivables					
Property Taxes	$ 46,884	$ -	$ -	$ -	$ 46,884
Charges for Services				9,609	9,609
Other					
Franchise Taxes	49,823				49,823
Excise Taxes	4,548				4,548
Intergovernmental					
Local Option Sales And Use Tax	11,561	18,538			30,099
Transportation Local Option Sales Tax		-	2,088	-	2,088
Total	$ 112,816	$ 18,538	$ 2,088	$ 9,609	$ 143,051

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	$ 12,433	$ 19,076
Capital Projects Fund (Special Purpose Local Option Sales Tax)	19,076	
Transportation Special Purpose Local Option Sales Tax		
Total Governmental Funds	31,509	19,076
Enterprise Fund	-	12,433
Totals	$ 31,509	$ 31,509

The Capital Project Fund receivable from the General Fund is the result of depositing in the General Fund the 2020 Local Maintenance Improvement Grant received from the State of Georgia in the amount of $19,076.

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	$ 21,725	$ 19,500
Capital Projects Fund	19,500	49,416
Memorial Cemetery Trust Fund		
Total Governmental Funds	41,225	68,916
Enterprise Fund	49,416	21,725
Net	$ 90,641	$ 90,641

Note 7 - Changes in Capital Assets

Capital asset activity for the year ended December 31, 2020, 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	691,852	15,386			707,238
Infrastructure	146,966	74,391			221,357
Equipment and Vehicles	814,648	40,736	33,171		822,213
Total Other Capital Assets	1,653,466	130,513	33,171		1,750,808
Less Accumulated Depreciation					
Buildings & Improvements	453,744	24,821			478,565
Infrastructure	70,045	16,036			86,081
Machinery & Equipment	632,310	58,872	17,600		673,582
Total Depreciation	1,156,099	99,729	17,600		1,238,228
Net Other Capital Assets	497,367	30,784	15,571		512,580
Total Capital Assets, net	$ 598,797	$ 30,784	$ (15,571)	$	$ 614,010

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

Governmental activities:	
General government	$ 6,810
Public safety	53,398
Public works	33,995
Culture and recreation	5,526
Total depreciation expense -- governmental activities	$ 99,729

Business-Type Activities:

Capital Assets not being depreciated					
Construction in Progress	$ -	$ 49,416	$ -	$ -	$ 49,416
Other Capital Assets					
Utility System	511,658				511,658
Machinery and Equipment	48,697				48,697
Total Other Capital Assets	560,355	-	-	-	560,355
Less Accumulated Depreciation					
Utility System	232,997	12,487			245,484
Machinery and Equipment	20,810	3,153			23,963
Total Depreciation	253,807	15,640			269,447
Net Other Capital Assets	306,548	(15,640)			290,908
Total Capital Assets, net	$ 306,548	$ 33,776	$ -	$ -	$ 340,324

Depreciation (including amortization) was charged to business type activities as follows:

Water fund	$ 15,640
Total depreciation expense – business-type activities	$ 15,640

Construction in Progress

Construction in progress consist of improvements to existing water facilities and construction of new facilities with an anticipated completion in 2023. The project is estimated to cost $1,400,000, Partial funding is being provided by a Community Development Block Grant of $378,349 and a Office of Planning and Budget Grant from the Office of the Governor of $465,395. The remaining cost ($550,000) is to be funded from One Percent Special Purpose Local Option Sales and Use Tax and Coronavirus State and Local Fiscal Recovery Funds.

Note 8 – Capital Leases

The City does not have any capital lease obligation.

Note 8 – Long-Term Indebtedness

Changes in long-term debt obligations for the year ended December 31, 2020, are summarized as follows:

	Balance Beginning of Period	Additions	Repayments	Balance End of Period	Amount Due in One Year
Governmental Activities					
Capitalized Lease Obligation	$ -	$	$	$ -	$ -
Compensated Absences	7,003	10,690	13,856	3,837	3,837
Total Governmental Activities	$ 7,003	$ 10,690	$ 13,856	$ 3,837	$ 3,837

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	$ -	$ -	$ -	$ 114,694	$ 114,694
Restricted					
Capital Projects Special Purpose and Transportation Local Option Sales Tax		492,042	42,854		564,096
Committed					
Assigned					
Public Safety, Culture And Recreation	5,541				5,541
Unassigned	419,696				320,634
Total	$ 425,237	$ 492,042	$ 42,854	$ 114,694	$ 1,074,827

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 employers 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, 2020, is as follows:

Pensioners as of the valuation date (including no beneficiaries)	3
Participants inactive during the year ended June 30, 2020, with Vested rights	3
Participants active during the year ended June 30, 2020 (Including no elected officials)	7
Fully Vested	4
Not Vested	3

Funding Policy

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

The plan is subject to minimum funding standards of the Public Retirement System Standard Law (Georgia Code Section 47-20-10). The estimated minimum annual premium under these standards is $43,169. 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 $53,165 for the year ended December 31, 2020 (24.04% of covered payroll).

The net pension liability as of the March 31, 2020, measurement date is $261,605, this amount being the excess of the total pension liability of $738,323 over the plan's fiduciary net position of $486,718. 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, 2020, measurement period:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) – (b)
Balances on March 31, 2019*	$ 671,627	$ 534,834	$ 136,793
Changes for the year:			
Service cost	22,940		22,940
Interest	50,131		50,131
Differences between expected and actual experience	20,801		20,801
Contributions – employer	-	47,043	(47,043)
Net investment income	-	(37,682)	37,682
Benefit payments	(52,313)	(52,313)	-
Administrative expense	-	(5,164)	5,164
Other	25,137	-	25,137
Net changes	66,696	(48,116)	114,812
Balances on March 31, 2020**	$ 738,323	$ 486,718	$ 251,605

** 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.*

*** Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2020, are used to measure TPL as of March 31, 2020. The balances as of March 31, 2020, constitute measurements of the NPL for the fiscal year ending December 31, 2020.*

Pension expense for the year ended December 31, 2020, based on the March 31, 2020, measurement date is comprised of:

Service Cost	$ 22,940
Interest on TPL	50,131
Administrative expenses	5,164
Expected return on assets	(39,721)
Expensed portion of current year period differences between expected and actual experience in TPL	6,933
Expensed portion of current year period assumption changes	8,379
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	15,479
Current year recognition of deferred inflows and outflows established in prior years	19,962
Total Expense	$ 89,267

Actuarial Methods and Assumptions

The total pension liability in the July 1, 2020, 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, 2020
Valuation Date	The actuarially determined contribution was determined as of July 1, 2020, 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, 2021.
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	7.375%
Projected Salary Increases	2.25% 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
Retirement Assumptions	New assumptions relate to when a participant is eligible for normal retirement (regular or alternative normal retirement). The rates do not apply if the participant is not eligible for early or normal retirement. Rates varying depending on when the participants is eligible for early or normal retirement. Applicable rates are available in the plans annual actuarial valuation report.

Mortality	
Healthy	The mortality table for healthy retirees and beneficiaries was changed to the sex-distinct Pri-2012 head count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
Disabled	The mortality table for disabled participants was changed to the sex-distinct Pri-2012 head count weighted Disabled Retiree Monthly Table with rates multiplied by 1.25.
Active, terminated and deferred participants	The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed to the sex-distinct Pri-2012 head count weighted Employee Mortality Table.

The investment return and inflation assumptions used in the July 1, 2020; valuation was 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 was 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: 7.375% based on long-term expected rate of return on plan investments.

The 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 by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and 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%	6.41%
International equity	20%	6.96%
Domestic fixed Income	20%	1.96%
Global fixed income	5%	4.76%
Real estate	10%	3.06%
Cash	0%	0%
Total	100%	

Plan Termination Basis: 2.12% (30-year Treasury Securities Rate as of August 2019, published in September, 2018; 3.04% last year)

Discount Rate. The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed 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 7.375%:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Net Pension Liability	$ 320,708	$ 251,605	$ 191,950

The City's net deferred outflows and inflows of resources for the March 31, 2020, measurement period are summarized as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 35,561	$ -
Changes of assumptions	19,140	-
Net difference between projected and actual earnings on pension plan investments	60,296	-
Total	$ 114,997	$ -

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 be-low:

Year Ending December 31,	Deferred Outflows/(Inflows) of Resources
2021	$ 43,472
2022	36,516
2023	19,528
2024	15,481
2025 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 ensure 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 allowing 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 more than insured limits were threatened, pending or outstanding as of December 31, 2020. 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.

The City has not compiled a record of claims paid in excess of applicable deductibles for the current or prior fiscal years. Management is not aware of any outstanding and unpaid claims as of June 30th. Accordingly, no provision has been made for potential claims.

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 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 does not have exposure for damages. The Attorney believes the City's exposure will be limited to reasonable compensation for acquisition of the easement area.

Note 13 - Contingencies

The City participates 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 June 27, 2022, the date the financial statements were available.

Note 15 – Tax Abatements

Laws of the State of Georgia permit counties and their development authorities and private entities to enter into development agreements whereby the entities taxable property taxes may be reduced or abated based on the entities' investment in property and employment opportunities. The City's property tax revenues are subject to reduction when the taxpaying entities are located within the city. As of December 31, 2020, there were no agreements in effect that reduced the City's property tax revenues.

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, 2020

	Budget		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues				
Property Taxes	$ 312,106	$ 312,106	$ 313,061	$ 955
Local Option Sales Tax	91,800	91,800	121,623	29,823
Insurance Premium Tax	55,000	55,000	59,819	4,819
Other Taxes	110,250	110,250	115,666	5,416
Intergovernmental	-	-	20,686	20,686
Licenses and Permits	5,125	5,125	3,883	(1,242)
Charges for Services	1,250	1,250	1,181	(69)
Fines and Forfeitures	58,000	58,000	62,611	4,611
Investment	15	15	13	(2)
Contributions and Donations	5,500	5,500	-	(5,500)
Other Miscellaneous	7,054	7,054	7,974	920
Total Revenues	646,100	646,100	706,518	60,418
Expenditures				
General Government	217,584	229,784	183,927	45,857
Judicial	7,800	13,300	9,542	3,758
Public Safety	299,154	308,654	257,023	51,631
Public Works	113,362	123,362	113,037	10,325
Culture and Recreation	11,100	11,100	9,152	1,948
Debt Service	-	-	-	-
Total Expenditures	649,000	686,200	572,681	113,519
Excess (Deficit) of Revenues Over (Under) Expenditures	(2,900)	(40,100)	133,837	173,937
Other Financing Sources (Uses)				
Transfers, net	24,900	24,900	2,225	(22,675)
Proceeds - Sale of Assets		-	15,000	15,000
Net Other Financing Sources (Uses)	24,900	24,900	17,225	(7,675)
Change in Fund Balance	22,000	(15,200)	151,062	166,262
Fund Balance, Beginning	337,359	337,359	337,359	-
Fund Balance, Ending	$ 359,359	$ 322,159	$ 488,421	$ 166,262

Note - Budgetary Information. The general fund budget is adopted on a basis consistent with the accounting principles generally accepted in the United State 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, 2020

	Calendar Year Ended December 31,					
	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	$ 22,940	$ 23,570	$ 21,139	$ 20,190	$ 19,676	$ 17,413
Interest	50,131	47,413	43,362	41,787	40,183	38,192
Difference between expected and actual experience	20,801	18,202	27,372	10,665	13,151	14,856
Changes of assumptions	25,137		9,526		-	7,535
Changes in benefit terms						
Benefit payments	(52,313)	(52,313)	(52,313)	(52,313)	(52,313)	(52,313)
Net Change in Total Pension Liability	66,696	36,872	49,086	20,329	20,697	25,683
Total Pension Liability, Beginning	671,627	634,755	585,669	565,340	544,643	518,960
Total Pension Liability, Ending	$ 738,323	$ 671,627	$ 634,755	$ 585,669	$ 565,340	$ 544,643
Plan Fiduciary Net Position						
Contributions - employer	$ 47,043	$ 38,121	$ 32,497	$ 29,096	$ 26,018	$ 27,246
Net investment income	(37,682)	19,159	60,957	57,589	1,028	45,735
Benefit payments	(52,313)	(52,313)	(52,313)	(52,313)	(52,313)	(52,313)
Administrative expenses	(5,164)	(4,976)	(4,989)	(5,175)	(3,176)	(2,817)
Other						
Net Change in Fiduciary Net Position	(48,116)	(9)	36,152	29,197	(28,443)	17,851
Plan Fiduciary Net Position, Beginning	534,834	534,843	498,691	469,494	497,937	480,086
Plan Fiduciary Net Position, Ending	$ 486,718	$ 534,834	$ 534,843	$ 498,691	$ 469,494	$ 497,937
Net Pension Liability	$ 251,605	$ 136,793	$ 99,912	$ 86,978	$ 95,846	$ 46,706
Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	66.65%	79.63%	84.26%	85.15%	83.05%	91.42%
Covered Compensation	$ 218,736	$ 225,679	$ 215,572	$ 218,876	$ 207,435	$ 196,470
Net Pension Liability as a percentage of Covered Compensation	115.02%	60.60%	46.35%	39.74%	46.21%	23.77%
Schedule of Contributions						
Actuarially determined contributions	$ - *	$ 46,242	$ 35,414	$ 31,524	$ 28,287	$ 25,262
Contributions in relation to the actuarially determined contribution	- *	46,242	35,414	31,524	28,287	25,262
Contribution deficience (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ - *	$225,679	$ 215,572	$ 218,876	$ 207,435	$ 196,470
Contributions as a percentage of covered-employee payroll	*	20.49%	16.43%	14.40%	13.64%	12.86%

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

** *Contributions 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 percentae of employee-covered payroll of the actuarilly determined contributions.*

*** *2019 covered payroll is based on data collected as of March 31, 2019 for the 2019 actuarial valuation.*

Note to Schedule:

The schedule will include ten years of information when available.

GARY R. ZEIGLER, P.C.

Certified Public Accountants and Business Consultants

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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, 2020, 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 June 28, 2022.

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 2020.01, 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 2020.02, 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 2020.03 and 2020.04.

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

Authority's Response to Findings

The City of Lake Park, Georgia's responses to the findings identified in our audit are described in the accompanying *Financial Statement Findings and Reponses.* The City of Lake Park, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

June 28, 2022

Lake Park, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identification Number	Total Federal Expenditures
U. S. Department of Housing and Urban Development			
Pass-through Georgia Department of Community Affairs			
Community Development Block Grant			
Public Facilities - Water System Improvements	97.036	19p-x-092-2-6073	$ 32,066
Total for U.S. Department of Housing and Development			32,066
U. S. Department of Treasuruy			
Pass-through State of Georgia Office of the Governor			
COVID-19 Coronavirus Relief Fund	21.019		63,184
			63,184
Total Federal Assistance Expended			$ 95,250

Notes to Schedule of Expenditure of Federal Awards

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal award activity of Lake park, Georgia under programs of the Federal Government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Lake Park, Georgia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lake Park, Georgia. Amounts reported in this schedule may differ from amounts reportedin the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - De Minimis Indirect Cost Rate

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

Note 4 - Payments to Subrecipients

The city has not passed through any grant to subrecipients.

City of Lake Park, Georgia
Schedule of Findings and Responses
For the Year Ended December 31, 2020

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 considered to be material weakness?	Yes
C	Noncompliance material to the financial statements noted:	Yes

Federal Awards

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

Financial Statement Findings and Responses

Current Year Findings

2020.01 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.

2020.02 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.

2020.03 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 four 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 more than 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.

2020.04 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, 2020, the Capital Project Fund has a receivable from the General Fund in the combined amount of amount of $19,076.

Cause: LMIG grant revenues of $19 076 for 2020 were deposited in the General Fund. 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 $19,076.

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

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

Prior 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.

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

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.

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

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.

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

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, 2020 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 2020 were deposited in the General Fund. LMIG grant revenues of $15,393 for 2018 and $16,493 for 2020 were deposited in the General Fund. After payments in the general fund of $6,000 (2018) and $11,746 (2020) the remaining balances of $9,393 (2018) and $4,747 (2020) had not been transferred to the Capital Projects Fund by December 31, 2020. 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.

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

City of Lake Park, Georgia
One Percent Special Purpose Local Option Sales Tax
Project Cost Schedule - 2019 Issue
For the Year Ended December 31, 2020

	Estimated Cost		Prior	Current	Cumulative	Percent
	Original	Revised	Periods	Period	Cost	Complete
Road, Street and Bridge Projects Including sidewalks, bicycle/cart paths and trails, surface water/drainage improvements, widening, resurfacing, and other repairs to preserve road, street, and bridge facilities	$ 277,943	$ 277,943	$ -	$ -	$ -	0.0%
Construction of and Improvements to Public Facilities , Major Capital Equipment, Vehicles and Technology Equipment						
Administrative	277,941	277,941	-	8,474	8,474	3.0%
Public Safety	202,941	202,941	-	-	-	0.0%
Public Works	127,941	127,941	-	-	-	0.0%
Parks and Recreation	127,941	127,941	-	-	-	0.0%
Water Facilities	202,941	202,941	-	-	-	0.0%
		-	-	-	-	
Total Current Year Project Cost	$ 1,217,648	$ 1,217,648	$ -	$ 8,474	$ 8,474	
Current Year Expenditures are Reported in:						
Governmental Funds				$ 8,474		
Enterprise Funds				-		
Total				$ 8,474		

City of Lake Park, Georgia
One Percent Special Purpose Local Option Sales Tax
Project Cost Schedule - 2014 Issue
For the Year Ended December 31, 2020

	Estimated Cost		Prior	Current	Cumulative	Percent
	Original	Revised	Periods	Period	Cost	Complete
Road, Street and Bridge Projects	$ 250,000	$ 223,897	$ 78,807	$ 74,361	$ 153,168	68.4%
Construction of and Improvements to Public Facilities , Major Capital Equipment, Vehicles and Technology Equipment						
Administrative	55,000	55,000	2,199	17,048	19,247	35.0%
Public Safety	150,000	74,313	83,045	15,706	98,751	132.9%
Public Works	100,000	91,300	38,567	-	38,567	42.2%
Parks and Recreation	100,000	100,000	45,251	-	45,251	45.3%
Water Facilities	350,000	348,786	167,740	17,350	185,090	53.1%
Repayment of Caitalized Lease Obligations						
Principal		103,535	103,534	-	103,534	100.0%
Interest		8,169	8,284	-	8,284	100.0%
Total Current Year Project Cost	$ 1,005,000	$ 1,005,000	$ 527,427	$ 124,465	$ 651,892	

Current Year Expenditures are Reported in:	
Governmental Funds	$ 107,115
Enterprise Funds	17,350
Total	$ 124,465

The City of Lake Park received LMIG income of $19,076 for 2020. Current year LMIG expenditures of $19,076 are included in the above schedule.

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, 2020

Total Program Year 2019 Funds Allocated	$ 378,349
Less: Total Program 2019 Funds Drawn	32,066
Funds Available from Program Year 2019	$ 346,283
Total Program Year 2019 Funds Drawn and Received	$ 32,066
Less: Funds Applied and Expended to Program Year 2019 Costs	32,066
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, 2020

Activity	Number	Budget	To Date	Costs
Water Facilities	P-03J-01	$ 318,594	$ -	$ -
Engineering	T-03J-01	34,755	26,066	26,066
Administration	A-21A-00	25,000	6,000	6,000
Totals		$ 378,349	$ 32,066	$ 32,066