

CITY OF CENTERVILLE, GEORGIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

CITY OF CENTERVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 11
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13 and 14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Notes to the Financial Statements	23 – 42
 Required Supplementary Information:	
Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios	43
Schedule of Contributions	44
 Combining Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	46
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Confiscated Assets Special Revenue Fund	47
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Center Park Special Revenue Fund	48
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2012 and 2018 Issue	49

CITY OF CENTERVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

Page

COMPLIANCE SECTION

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 <i>Government Auditing Standard</i>	50 and 51
Schedule of Findings and Responses	52
Summary Schedule of Prior Year Findings	53

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Council
City of Centerville, Georgia
Centerville, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Centerville, Georgia** (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 11), the Schedule of Changes in the City's Net Pension Asset and Related Ratios (on page 43), and the Schedule of City Contributions (on page 44) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, and are not a required part of the basic financial statements.

The combining statements and schedules and the schedules of expenditures of Special Purpose Local Option Sales Tax ("SPLOST") proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Centerville, Georgia's internal control over financial reporting and compliance.



Macon, Georgia
November 30, 2021

CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

As management of the City of Centerville, (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Centerville for the fiscal year ended June 30, 2021. Please review in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

Assets and deferred outflows exceeded the City's liabilities and deferred inflows in the amount of \$28,650.9 thousand for the governmental activities and \$10,042.2 thousand for the business-type activities for a total net position of \$38,693.1 thousand. This is in comparison to the prior year total net position of \$36,656.9 thousand and reflects an increase of \$2,036.2 thousand in net position.

In the Government-wide statement of activities, revenues and expenses for the governmental activities were \$8,423.2 thousand and \$5,857.5 thousand with a change in net position of \$2,565.7 thousand. This is compared with prior year revenues and expenses of \$6,623.9 thousand and \$5,312.0 thousand, respectively.

In the Government-wide statement of activities, revenues and expenses for the business-type activities were \$3,986.3 thousand and \$4,515.8 thousand with a decrease in net position of \$529.5 thousand. This is compared with the prior year revenues and expenses of \$3,783.0 thousand and \$3,673.0 thousand.

In the fund financial statements, the City's governmental funds reported a combined ending fund balance of \$2,873.1 thousand in comparison with the prior years combined ending fund balance of \$3,635.9 thousand, a decrease of \$762.8 thousand.

As of June 30, 2021, general fund unassigned fund balance was \$2,088.8 thousand or 33% of general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis ("MD&A") are intended to serve as an introduction to the City of Centerville's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the basic financial statements. This report also contains supplementary information, in addition to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements are comparable to the reporting requirements of private sector businesses and provide financial information about the City as a whole.

The Statement of Net Position presents information on all the City's assets and deferred outflows and liabilities and deferred inflows with the difference reported as net position. This increase or decrease in net position serves as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing the change in the City's net position in the most recent fiscal year. Revenues and expenses are recognized on the accrual basis of accounting regardless of the timing of related cash flow.

The City of Centerville divides the Statement of Net Position and Statement of Activities into two types of activities:

- **Governmental Activities** - The City's basic services are accounted for in this section, including public safety (police, fire, probation and animal control), streets, culture-recreation, housing and development, public improvements, planning and zoning, judicial and general administration. These activities are supported by property taxes, franchise fees, business licenses, alcohol licenses, building permits and federal and state grants.
- **Business-type activities** - The City provides water and sewer services, sanitation services and stormwater utility services to the residents of Centerville. Fees for these services fund and support the costs of billings, activation of new customer accounts, reading of meters, supplies and routine repairs and maintenance.

FUND FINANCIAL STATEMENTS

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, use fund accounting to ensure and demonstrate finance-related legal compliance. All funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- **Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, one may better understand the long-term impact of the City's near-term financing decisions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental activities and governmental funds.

Governmental funds include the general fund, special revenue funds and capital project funds.

A Budgetary comparison statement is included in the basic financial statements for the general fund. This statement demonstrates compliance with the City's adopted and final revised budget. These governmental fund statements can be found on page 12-19.

- **Proprietary Funds:** The City of Centerville maintains three proprietary funds, all of which are enterprise funds. Enterprise funds report the same activity as the business type activities in the government-wide financial statements. The City accounts for the water and sewer service, sanitation service and stormwater utility service through its enterprise funds. Refer to pages 20 and 21 for proprietary fund statements.
- **Fiduciary Funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City has one fiduciary fund: The Municipal court fund.
- **Notes to the Financial Statements:** Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statement can be found on page 23 through 42 of this report.
- **Required Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's net pension asset or liability and the City contributions. Required supplementary information can be found on pages 43 and 44 of this report.
- **Other Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents individual and combining nonmajor fund financial statements. These may be found beginning on pages 45 and 46.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$38,693.1 thousand, which is an increase of \$2,036.2 thousand or 5.5% from fiscal year 2020.

Statement of Net Position

June 30, 2021 and 2020

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 3,305.9	\$ 3,922.6	\$ 4,475.1	\$ 5,071.6	\$ 7,781.1	\$ 8,994.2
Capital assets	28,795.0	22,029.1	5,946.1	5,857.2	34,741.1	27,886.3
Net pension asset	430.4	437.8	107.6	73.9	538.0	511.7
Total assets	<u>32,531.3</u>	<u>26,389.5</u>	<u>10,528.8</u>	<u>11,002.7</u>	<u>43,060.1</u>	<u>37,392.2</u>
Deferred Outflows of Resources	<u>263.0</u>	<u>187.3</u>	<u>65.7</u>	<u>46.8</u>	<u>328.7</u>	<u>234.1</u>
Current liabilities	1,083.1	347.7	519.1	442.9	1,602.1	790.6
Long-term liabilities	2,976.6	56.1	12.4	13.0	2,989.1	69.1
Total liabilities	<u>4,059.7</u>	<u>403.8</u>	<u>531.5</u>	<u>455.9</u>	<u>4,591.2</u>	<u>859.7</u>
Deferred Inflows of Resources	<u>83.6</u>	<u>87.8</u>	<u>20.9</u>	<u>21.9</u>	<u>104.5</u>	<u>109.7</u>
Net position:						
Net investment in capital assets	25,336.6	21,936.2	5,946.1	5,857.2	31,282.7	27,793.4
Restricted	772.4	1,247.2	-	-	772.4	1,247.2
Unrestricted	2,542.0	2,901.8	4,096.0	4,714.5	6,638.0	7,616.3
Total net position	<u>\$ 28,651.0</u>	<u>\$ 26,085.2</u>	<u>\$ 10,042.2</u>	<u>\$ 10,571.7</u>	<u>\$ 38,693.2</u>	<u>\$ 36,656.9</u>

As a whole, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$38,693.1 thousand at the close of the fiscal year June 30, 2021. Of the \$38,693.1 thousand in total net position, \$31,282.7 thousand or 81% reflects net investment in capital assets (i.e., land, infrastructure, buildings, machinery and equipment) \$772.4 thousand, or 2% is restricted net position and \$6,637.9 thousand, or 17% is unrestricted net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table provides a comparison for the changes in the net position in governmental and business type activities for the fiscal years ended June 30, 2021 and 2020.

Statement of Activities

June 30, 2021 and 2020
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 594.6	\$ 516.6	\$ 3,884.1	\$ 2,316.2	\$ 4,478.7	\$ 2,832.8
Operating grants and contributions	666.3	10.6	3.1	1,123.1	669.5	1,133.7
Capital grants and contributions	2,071.6	1,774.5	98.3	239.4	2,169.8	2,013.9
General revenues:						
Property taxes	2,558.8	2,450.8	-	-	2,558.8	2,450.8
Other taxes	1,165.7	1,161.7	-	-	1,165.7	1,161.7
Interest income	.1	0.3	.8	1.7	.9	2.0
Other general revenues	-	21.4	-	102.5	-	123.9
Total revenues	<u>7,057.1</u>	<u>5,935.9</u>	<u>3,986.3</u>	<u>3,782.9</u>	<u>11,043.4</u>	<u>9,718.8</u>
Expenses						
General government	824.1	749.1	-	-	824.1	749.1
Judicial	187.0	178.2	-	-	187.0	178.2
Public safety	3,469.2	3,595.6	-	-	3,469.2	3,595.6
Public works	714.2	530.1	-	-	714.2	530.1
Culture and recreation	445.7	7.0	-	-	445.7	7.0
Housing and development	209.0	251.8	-	-	209.0	251.8
Interest on long-term debt	8.4	0.2	-	-	8.4	0.2
Business-type activities:						
Water and sewer	-	-	2,146.5	2,070.4	2,146.5	2,070.4
Sanitation	-	-	915.9	854.2	915.9	854.2
Storm water utility	-	-	87.2	60.4	87.2	60.4
Total expenses	<u>5,857.6</u>	<u>5,312.0</u>	<u>3,149.6</u>	<u>2,985.0</u>	<u>9,007.2</u>	<u>8,297.0</u>
Change in net position before transfers	<u>1,199.5</u>	623.9	<u>836.7</u>	797.9	<u>2,036.2</u>	1,421.8
Transfers	<u>1,366.2</u>	688.0	<u>-1,366.2</u>	(688.0)	-	-
Change in net position	<u>2,565.7</u>	1,311.9	<u>-529.5</u>	109.9	<u>2,036.2</u>	1,421.8
Net position, beginning of year	<u>26,085.2</u>	24,773.3	<u>10,571.7</u>	10,461.8	<u>36,656.9</u>	35,235.1
Net position, end of year	<u>\$ 28,651.0</u>	<u>\$ 26,085.2</u>	<u>\$ 10,042.2</u>	<u>\$ 10,571.7</u>	<u>\$ 38,693.2</u>	<u>\$ 36,656.9</u>

As a whole the City's net position increased \$2,036.2 thousand as of the close of the fiscal year June 30, 2021. Of this increase \$2,565.7 thousand, or 126% is attributable to the governmental activities and (\$529.5) thousand, or -26% is attributable to the business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending as of the fiscal year-end.

As of the end of fiscal year 2021, the City's governmental funds reported a combined ending fund balance of approximately \$2,873.1 thousand, or a decrease of approximately \$762.8 thousand when compared with the prior year.

This decrease of fund balance in the amount of \$762.8 thousand is comprised of a decrease of \$322.6 thousand in the general fund and a decrease of \$366.4 and \$73.8 thousand in the SPLOST and non-major governmental funds, respectively.

The General Fund is the chief operating fund of the City. As of June 30, 2021, the total unassigned fund balance of the general fund was \$2,088.8 thousand. The unassigned fund balance represents approximately 33% of total general fund expenditures.

Proprietary funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted combined net position of the water and sewer fund, sanitation fund and stormwater utility fund at the end of fiscal year 2021 amounted to \$4,096.1 thousand, a decrease of \$618.4 thousand.

General Fund Budgetary Highlights

The City Council revisits the budget several times during the year. Differences in expenditures between the original budget and the final amended budget in the General Fund amounted to a \$664.2 thousand increase. The General Fund actual expenditures of \$6,339.5 thousand was 94% of the final amended appropriations of \$6,723.0 thousand, or \$383.5 thousand less than the final budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2021 total \$34,741.1 thousand (net of accumulated depreciation). This investment in capital assets includes land, public buildings and improvements, construction in progress, infrastructure, water and sewer improvements, machinery and equipment and furniture and fixtures. The City's capital assets increased \$6,854.8 thousand.

Additional information of the City's capital assets can be found in Note 4 beginning on page 33 of this report.

Capital Assets at Year-End (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and improvements	\$ 729.3	\$ 729.3	\$ 816.1	\$ 816.1	\$ 1,545.5	\$ 1,545.4
Construction in progress	4,667.0	2,334.3	-	-	4,667.0	2,334.3
Buildings and improvements	5,260.5	4,057.9	1,824.6	1,865.8	7,085.1	5,923.7
Infrastructure	17,268.7	14,333.6	3,111.3	2,962.6	20,380.0	17,296.2
Equipment	869.5	574.0	194.0	212.7	1,063.5	786.7
Total	\$ 28,795.0	\$ 22,029.1	\$ 5,946.1	\$ 5,857.2	\$ 34,741.1	\$ 27,886.3

Long-Term Liabilities

The City's long-term debt for its governmental and business-type activities as of June 30, 2021 total \$3,671.8 thousand in comparison to \$226.1 thousand in the prior year. This change reflects an increase of \$3,445.7 thousand in long-term debt.

Long-Term Obligations at Year-End (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Notes and other obligations	\$ 3,626.9	\$ 184.1	\$ 44.9	\$ 42.0	\$ 3,671.8	\$ 226.1

Refer to Note 5 beginning on page 35 of this report for additional information on the City's long-term obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budget and Rates

During FY 2021 the City was impacted by the Coronavirus pandemic. Due to the extremely contagious nature of the Coronavirus, a Public Health Emergency Declaration was passed at both the federal and state level. The City experienced a reduction in fines and forfeiture revenues during the pandemic. The City received grant funds from the Cares Act - Coronavirus Relief Fund in the amount of \$412,709 to purchase personal protective equipment, sanitizing products, cleaning of city buildings and payroll expenses for public safety employees responding to the public health emergency.

Factors considered in preparation of the FY 2022 Budget include:

- Account for inflation in City insurance premiums for workers compensation and property and liability insurance.
- Expand the workforce by 2 employees in the water and sewer fund and 1 employee in the street dept.
- Maintain millage rate at current rate of 11.944. This is considered a tax increase since the rollback rate was less than the current rate.
- Pave Eagle Springs Drive under the 2021 LMIG project.
- Completion of construction for the new fire station - SPLOST 18 Project

As of June 30, 2021, unemployment rates for the Middle Georgia Region were 4.7%. This represents a decrease in comparison to the unemployment rate of 7.6% in 2020.

Contact Information

This report has been created to give our citizens, taxpayers, customers, investors and creditors a summary of the City's finances and to show how revenues are used. If you have any questions regarding this report, or if you need additional financial information, please contact:

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CITY OF CENTERVILLE, GEORGIA

**STATEMENT OF NET POSITION
JUNE 30, 2021**

	Primary Government		
	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Cash and cash equivalents	\$ 3,061,051	\$ 3,943,395	\$ 7,004,446
Investments	15,448	114,302	129,750
Taxes receivable	2,421	-	2,421
Accounts receivable	96,507	375,430	471,937
Internal balances	28,952	(28,952)	-
Intergovernmental	89,602	-	89,602
Inventory	-	57,325	57,325
Prepaid expenses	11,909	13,585	25,494
Capital assets:			
Nondepreciable	5,396,352	816,149	6,212,501
Depreciable, net of accumulated depreciation	23,398,646	5,129,995	28,528,641
Net pension asset	430,420	107,605	538,025
Total assets	<u>32,531,308</u>	<u>10,528,834</u>	<u>43,060,142</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	<u>262,958</u>	<u>65,740</u>	<u>328,698</u>
LIABILITIES			
Accounts payable	185,628	135,467	321,095
Retainage payable	215,933	-	215,933
Accrued liabilities	29,451	25,460	54,911
Unearned revenues	1,747	-	1,747
Customer deposits payable	-	325,675	325,675
Notes payable due within one year	531,430	-	531,430
Notes payable due in more than one year	2,926,987	-	2,926,987
Compensated absences due within one year	118,862	32,476	151,338
Compensated absences due in more than one year	49,651	12,413	62,064
Total liabilities	<u>4,059,689</u>	<u>531,491</u>	<u>4,591,180</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	<u>83,607</u>	<u>20,902</u>	<u>104,509</u>
NET POSITION			
Net investment in capital assets	25,336,581	5,946,144	31,282,725
Restricted for law enforcement	27,743	-	27,743
Restricted for resurface of roads	86,990	-	86,990
Restricted for center park	6,818	-	6,818
Restricted for capital projects	650,869	-	650,869
Unrestricted	2,541,969	4,096,037	6,638,006
Total net position	<u>\$ 28,650,970</u>	<u>\$ 10,042,181</u>	<u>\$ 38,693,151</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTERVILLE, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities:				
General government	\$ 824,093	\$ 299,473	\$ 7,895	\$ -
Judicial	186,990	251,693	-	-
Public safety	3,469,212	43,418	658,435	680,486
Public works	714,177	-	-	1,391,072
Culture and recreation	445,688	-	-	-
Housing and development	208,975	-	-	-
Interest on long-term debt	8,419	-	-	-
Total governmental activities	<u>5,857,554</u>	<u>594,584</u>	<u>666,330</u>	<u>2,071,558</u>
Business-type activities:				
Water and Sewer	2,146,544	2,450,769	3,138	98,260
Sanitation	915,909	1,181,195	-	-
Stormwater	87,171	252,182	-	-
Total business-type activities	<u>3,149,624</u>	<u>3,884,146</u>	<u>3,138</u>	<u>98,260</u>
Total primary government	<u>\$ 9,007,178</u>	<u>\$ 4,478,730</u>	<u>\$ 669,468</u>	<u>\$ 2,169,818</u>
General revenues:				
Property taxes				
Insurance premium tax				
Alcoholic beverage taxes				
Other taxes				
Franchise taxes				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (516,725)	\$ -	\$ (516,725)
64,703	-	64,703
(2,086,873)	-	(2,086,873)
676,895	-	676,895
(445,688)	-	(445,688)
(208,975)	-	(208,975)
(8,419)	-	(8,419)
<u>(2,525,082)</u>	<u>-</u>	<u>(2,525,082)</u>
-	405,623	405,623
-	265,286	265,286
-	165,011	165,011
-	835,920	835,920
<u>(2,525,082)</u>	<u>835,920</u>	<u>(1,689,162)</u>
2,558,777	-	2,558,777
576,476	-	576,476
80,599	-	80,599
32,916	-	32,916
475,715	-	475,715
107	789	896
1,366,216	(1,366,216)	-
<u>5,090,806</u>	<u>(1,365,427)</u>	<u>3,725,379</u>
2,565,724	(529,507)	2,036,217
26,085,246	10,571,688	36,656,934
<u>\$ 28,650,970</u>	<u>\$ 10,042,181</u>	<u>\$ 38,693,151</u>

CITY OF CENTERVILLE, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,113,544	\$ 903,321	\$ 44,186	\$ 3,061,051
Investments	15,448	-	-	15,448
Taxes receivable	2,421	-	-	2,421
Accounts receivable	96,507	-	-	96,507
Intergovernmental	2,612	-	86,990	89,602
Interfund receivables	29,052	-	-	29,052
Prepaid expenditures	11,909	-	-	11,909
Total assets	<u>\$ 2,271,493</u>	<u>\$ 903,321</u>	<u>\$ 131,176</u>	<u>\$ 3,305,990</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 139,584	\$ 36,419	\$ 9,625	\$ 185,628
Accrued liabilities	29,451	-	-	29,451
Unearned revenues	1,747	-	-	1,747
Retainage payable	-	215,933	-	215,933
Interfund payables	-	100	-	100
Total liabilities	<u>170,782</u>	<u>252,452</u>	<u>9,625</u>	<u>432,859</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	11,909	-	-	11,909
Restricted for:				
Law enforcement	-	-	27,743	27,743
Resurface of roads	-	-	86,990	86,990
Center park	-	-	6,818	6,818
Capital projects	-	650,869	-	650,869
Unassigned:	2,088,802	-	-	2,088,802
Total fund balances	<u>2,100,711</u>	<u>650,869</u>	<u>121,551</u>	<u>2,873,131</u>
Total liabilities and fund balances	<u>\$ 2,271,493</u>	<u>\$ 903,321</u>	<u>\$ 131,176</u>	<u>\$ 3,305,990</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTERVILLE, GEORGIA

**RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total government fund balance	\$ 2,873,131
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	28,794,998
Pension related assets and deferred inflows and outflows are not reported in the funds.	609,771
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,626,930)</u>
Change in net position - governmental activities	<u>\$ 28,650,970</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTERVILLE, GEORGIA

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

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals Governmental Funds</u>
Revenues				
Property taxes	\$ 2,558,777	\$ -	\$ -	\$ 2,558,777
Other taxes	1,232,757	-	-	1,232,757
Charges for services	2,100	-	-	2,100
Licenses and permits	183,299	-	-	183,299
Intergovernmental	422,058	889,660	86,990	1,398,708
Probation fees	43,418	-	-	43,418
Fines and forfeitures	251,693	-	-	251,693
Interest revenue	107	3,115	-	3,222
Other revenues	17,291	-	7,500	24,791
Total revenues	<u>4,711,500</u>	<u>892,775</u>	<u>94,490</u>	<u>5,698,765</u>
Expenditures				
Current:				
General government	812,036	-	-	812,036
Judicial	168,979	-	-	168,979
Public safety	3,259,413	-	-	3,259,413
Public works	370,969	-	-	370,969
Culture and recreation	1,516,908	-	-	1,516,908
Housing and development	211,258	-	-	211,258
Capital outlay	-	4,709,196	234,511	4,943,707
Debt service:				
Principal	-	891,580	-	891,580
Interest	-	8,419	-	8,419
Total expenditures	<u>6,339,563</u>	<u>5,609,195</u>	<u>234,511</u>	<u>12,183,269</u>
Deficiency of revenues under expenditures	<u>(1,628,063)</u>	<u>(4,716,420)</u>	<u>(140,021)</u>	<u>(6,484,504)</u>
Other financing sources				
Transfers in	1,300,000	-	66,216	1,366,216
Issuance of note payable	-	4,350,000	-	4,350,000
Sale of capital assets	5,500	-	-	5,500
Total other financing sources	<u>1,305,500</u>	<u>4,350,000</u>	<u>66,216</u>	<u>5,721,716</u>
Net change in fund balances	(322,563)	(366,420)	(73,805)	(762,788)
Fund balances, beginning of year	<u>2,423,274</u>	<u>1,017,289</u>	<u>195,356</u>	<u>3,635,919</u>
Fund balances, end of year	<u>\$ 2,100,711</u>	<u>\$ 650,869</u>	<u>\$ 121,551</u>	<u>\$ 2,873,131</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTERVILLE, GEORGIA

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

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

Net change in fund balances - total governmental funds	\$	(762,788)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset additions	\$ 7,460,675		
Depreciation expense	(678,958)		6,781,717

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations) is to decrease net position.		(15,882)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(67,051)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of note payable	\$ (4,350,000)		
Principal retirement of long-term debt	891,583		(3,458,417)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	\$ 15,591		
Net pension asset related deferred inflows and outflows	72,554		88,145

Change in net position - governmental activities		\$ 2,565,724
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The accompanying notes are an integral part of these financial statements.

CITY OF CENTERVILLE, GEORGIA

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 2,517,285	\$ 2,517,285	\$ 2,558,777	\$ 41,492
Other taxes	1,135,000	1,135,000	1,232,757	97,757
Charges for services	800	800	2,100	1,300
Licenses and permits	157,050	156,900	183,299	26,399
Intergovernmental	-	414,571	422,058	7,487
Probation fees	65,625	65,625	43,418	(22,207)
Fines and forfeitures	303,682	303,832	251,693	(52,139)
Interest revenue	10	100	107	7
Other revenues	1,090	1,000	17,291	16,291
Total revenues	<u>4,180,542</u>	<u>4,595,113</u>	<u>4,711,500</u>	<u>116,387</u>
Expenditures				
Current				
General government:				
Legislative	129,066	129,066	96,096	32,970
Financial administration	449,070	458,489	439,826	18,663
Law	195,371	199,095	187,206	11,889
Elections	-	13,924	13,924	-
Information technology	77,484	77,484	74,984	2,500
Total general government	<u>850,991</u>	<u>878,058</u>	<u>812,036</u>	<u>66,022</u>
Judicial:				
Municipal court	165,646	176,468	168,979	7,489
Total judicial	<u>165,646</u>	<u>176,468</u>	<u>168,979</u>	<u>7,489</u>
Public safety:				
Police	1,910,786	1,945,265	1,856,468	88,797
Fire	1,378,869	1,419,862	1,270,866	148,996
Probation	64,211	65,640	63,633	2,007
Animal control	66,406	69,411	68,446	965
Total public safety	<u>3,420,272</u>	<u>3,500,178</u>	<u>3,259,413</u>	<u>240,765</u>
Public works:				
Streets	368,575	420,961	370,969	49,992
Total public works	<u>368,575</u>	<u>420,961</u>	<u>370,969</u>	<u>49,992</u>
Housing and development:				
Economic development	198,113	170,685	168,065	2,620
Protective inspection	54,701	55,478	43,193	12,285
Total housing and economic development	<u>252,814</u>	<u>226,163</u>	<u>211,258</u>	<u>14,905</u>
Culture and recreation:				
Parks	1,000,550	1,521,251	1,516,908	4,343
Total expenditures	<u>6,058,848</u>	<u>6,723,079</u>	<u>6,339,563</u>	<u>383,516</u>
Deficiency of revenues under expenditures	<u>(1,878,306)</u>	<u>(2,127,966)</u>	<u>(1,628,063)</u>	<u>499,903</u>
Other financing sources				
Transfers in	1,400,000	1,400,000	1,300,000	(100,000)
Sale of capital assets	-	-	5,500	5,500
Total other financing sources	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,305,500</u>	<u>(94,500)</u>
Appropriations	<u>478,306</u>	<u>727,966</u>	<u>-</u>	<u>(727,966)</u>
Net change in fund balances	-	-	(322,563)	(322,563)
Fund balances, beginning of year	<u>2,423,274</u>	<u>2,423,274</u>	<u>2,423,274</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,423,274</u>	<u>\$ 2,423,274</u>	<u>\$ 2,100,711</u>	<u>\$ (322,563)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTERVILLE, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021**

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Nonmajor Stormwater Fund</u>	<u>Totals</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,178,165	\$ -	\$ 765,230	\$ 3,943,395
Investments	114,302	-	-	114,302
Inventory	57,325	-	-	57,325
Prepaid expenses	13,585	-	-	13,585
Accounts receivable	239,810	113,358	22,262	375,430
Interfund receivables	-	-	25,188	25,188
Total current assets	<u>3,603,187</u>	<u>113,358</u>	<u>812,680</u>	<u>4,529,225</u>
NON-CURRENT ASSETS				
Net pension asset	107,605	-	-	107,605
Capital Assets:				
Nondepreciable	816,149	-	-	816,149
Depreciable, net of accumulated depreciation	<u>5,086,651</u>	<u>2,868</u>	<u>40,476</u>	<u>5,129,995</u>
Total non-current assets	<u>6,010,405</u>	<u>2,868</u>	<u>40,476</u>	<u>6,053,749</u>
Total assets	<u>9,613,592</u>	<u>116,226</u>	<u>853,156</u>	<u>10,582,974</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	<u>65,740</u>	-	-	<u>65,740</u>
Total deferred outflows of resources	<u>65,740</u>	-	-	<u>65,740</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	135,467	-	-	135,467
Accrued liabilities	25,460	-	-	25,460
Customer deposits payable	325,675	-	-	325,675
Interfund payables	54,140	-	-	54,140
Compensated absences due within one year	<u>32,476</u>	-	-	<u>32,476</u>
Total current liabilities	<u>573,218</u>	-	-	<u>573,218</u>
NON-CURRENT LIABILITIES				
Compensated absences due in more than one year	<u>12,413</u>	-	-	<u>12,413</u>
Total non-current liabilities	<u>12,413</u>	-	-	<u>12,413</u>
Total liabilities	<u>585,631</u>	-	-	<u>585,631</u>
INFLOWS OF RESOURCES				
Pension	<u>20,902</u>	-	-	<u>20,902</u>
Total deferred outflows of resources	<u>20,902</u>	-	-	<u>20,902</u>
NET POSITION				
Investment in capital assets	5,902,800	2,868	40,476	5,946,144
Unrestricted	<u>3,169,999</u>	<u>113,358</u>	<u>812,680</u>	<u>4,096,037</u>
Total net position	<u>\$ 9,072,799</u>	<u>\$ 116,226</u>	<u>\$ 853,156</u>	<u>\$ 10,042,181</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTERVILLE, GEORGIA

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

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Nonmajor Stormwater Fund</u>	<u>Totals</u>
OPERATING REVENUES				
Water sales	\$ 1,344,693	\$ -	\$ -	\$ 1,344,693
Sewer sales	823,412	-	-	823,412
Water and wastewater tap fees	62,500	-	-	62,500
Sanitation fees	-	1,166,545	-	1,166,545
Stormwater fees	-	-	252,182	252,182
Late fees	112,738	-	-	112,738
Other	110,564	14,650	-	125,214
Total operating revenues	<u>2,453,907</u>	<u>1,181,195</u>	<u>252,182</u>	<u>3,887,284</u>
OPERATING EXPENSES				
Personal services	837,684	-	36,328	874,012
Contractual services	576,596	904,246	22,412	1,503,254
Supplies	245,978	1,139	5,707	252,824
Heat, light and power	115,618	2,542	-	118,160
Repairs and maintenance	135,948	2,359	16,126	154,433
Bad debt expense	19,755	5,145	410	25,310
Depreciation	214,965	478	6,188	221,631
Total operating expenses	<u>2,146,544</u>	<u>915,909</u>	<u>87,171</u>	<u>3,149,624</u>
Operating income	307,363	265,286	165,011	737,660
NON-OPERATING REVENUES				
Interest revenue	789	-	-	789
Total non-operating revenues	<u>789</u>	<u>-</u>	<u>-</u>	<u>789</u>
Income before capital contributions and transfers	<u>308,152</u>	<u>265,286</u>	<u>165,011</u>	<u>738,449</u>
CAPITAL CONTRIBUTIONS	98,260	-	-	98,260
TRANSFERS				
Transfers in	139,720	-	-	139,720
Transfers out	(1,266,216)	(239,720)	-	(1,505,936)
Total transfers	<u>(1,126,496)</u>	<u>(239,720)</u>	<u>-</u>	<u>(1,366,216)</u>
Change in net position	(720,084)	25,566	165,011	(529,507)
NET POSITION, beginning of year	<u>9,792,883</u>	<u>90,660</u>	<u>688,145</u>	<u>10,571,688</u>
NET POSITION, end of year	<u>\$ 9,072,799</u>	<u>\$ 116,226</u>	<u>\$ 853,156</u>	<u>\$ 10,042,181</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTERVILLE, GEORGIA

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

	Water and Sewer Fund	Sanitation Fund	Nonmajor Stormwater Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 2,481,475	\$ 1,167,995	\$ 289,416	\$ 3,938,886
Payments to suppliers	(1,014,434)	(928,275)	(50,843)	(1,993,552)
Payments to employees	(884,589)	-	(36,328)	(920,917)
Net cash provided by operating activities	582,452	239,720	202,245	1,024,417
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	789	-	-	789
Net cash provided by (used in) non-capital financing activities	789	-	-	789
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(310,544)	-	-	(310,544)
Capital contributions	98,260	-	-	98,260
Net cash used in capital and related financing activities	(212,284)	-	-	(212,284)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer In	139,720	-	-	139,720
Transfer out	(1,266,216)	(239,720)	-	(1,505,936)
Net cash used in non capital and related financing activities	(1,126,496)	(239,720)	-	(1,366,216)
Change in cash and cash equivalents	(755,539)	-	202,245	(553,294)
Cash and cash equivalents:				
Beginning of year	3,933,704	-	562,985	4,496,689
End of year	\$ 3,178,165	\$ -	\$ 765,230	\$ 3,943,395
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 307,363	\$ 265,286	\$ 165,011	\$ 737,660
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	214,965	478	6,188	221,631
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	5,431	(3,979)	1,935	3,387
Decrease in prepaid expense	449	-	-	449
Decrease in interfund receivable	9,221	-	-	9,221
Decrease in inventory	11,207	-	-	11,207
Increase in investments	(789)	-	-	(789)
Increase in net pension asset	(33,664)	-	-	(33,664)
Decrease in deferred inflows of resources - pension	(18,922)	-	-	(18,922)
Increase (decrease) in accounts payable	68,594	(12,844)	-	55,750
Increase in accrued liabilities	3,899	-	-	3,899
Increase in compensated absences	2,839	-	-	2,839
Increase in customer deposits	13,075	-	-	13,075
Increase (decrease) in interfund payable	(159)	(9,221)	29,111	19,731
Decrease in deferred inflows of resources - pension	(1,057)	-	-	(1,057)
Net cash provided by operating activities	\$ 582,452	\$ 239,720	\$ 202,245	\$ 1,024,417

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF CENTERVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Centerville, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. The Financial Reporting Entity

The City operates under a charter adopted on March 25, 1958. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police, fire, probation, and animal control), public works, culture-recreation, housing and development, public improvements, planning and zoning, judicial, and general administrative services. In addition, the City provides water and sewer services, sanitation services as well as stormwater utility services. These financial statements present the government entities for which the City is considered to be financially accountable.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the custodial funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current fiscal period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Major revenue sources that are susceptible to accrual are property taxes, insurance premium taxes, and intergovernmental revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund

The **Special Purpose Local Option Sales Tax ("SPLOST")** Fund is used to account for monies received from intergovernmental revenues (i.e. special purpose local option sales taxes) for various City projects.

Proprietary Fund Financial Statements are used to account for activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and cash flows.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds are accounted for using the accrual basis of accounting as follows:

Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide the goods or services. Non-operating revenues and expenses are items such as investment income and interest expenses that are not a result of the direct operations of the activity.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** is used to account for water and sewer operations as well as construction and maintenance of water and sewerage projects.

The **Sanitation System Fund** is used to account for operating revenues and expenses relating to garbage pickup.

Additionally, the City reports the following fund types:

The **Special Revenue Funds** account for revenue sources that are legally restricted to expenditure for specific purposes.

The **Capital Projects Fund** accounts for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

The **Stormwater Fund** accounts for City's stormwater operations and related capital projects.

D. Cash, Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less. State statutes and the City's official investment policy authorize the City to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, banker's acceptances, money market mutual funds and direct obligations of the State of Georgia.

The City records investments at fair market value in accordance with GAAP. All investment income is recognized as revenue in the appropriate fund's statement of revenues, expenditures and changes in fund balance.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables

Property tax receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible accounts.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met. Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

F. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category that relate to the City's defined benefit pension plan and are consumptions of net position that apply to future periods. The three items are the changes in assumptions, experience differences, and the City's contributions subsequent to the measurement date. They will be recognized as expenses/expenditures when consumed.

In addition to liabilities, the Statement of Net Position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category which relate to the City's defined benefit pension plan and are the net difference between projected and actual earnings on pension plan investments and experience differences.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventory and Prepaid Expenses

The costs of the City's inventories are recorded as expenditures when purchased. Expenditures for insurance and similar services extending over more than one accounting period are allocated between accounting periods. Reported prepaid expenses are equally offset by a nonspendable fund balance reserve.

H. Capital Assets

Capital assets are defined by the City as assets which have a cost of \$5,000 or more and estimates useful life in excess of two years. Capital assets purchased or acquired are recorded at historical costs. Contributed assets are recorded at their fair market value as of the date donated. Capital assets are reported in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and infrastructure	50 years
Furniture and equipment	5-15 years
Trucks and tractors	3-7 years
Distribution plants	50 years

I. Compensated Absences

All full-time employees earn annual leave. Unused annual leave not exceeding thirty days may be carried into the next calendar year. Payment for unused annual leave will be made upon resignation of an employee provided that proper notice is given.

The City provides sick leave to eligible employees in accordance with provisions of the personnel policy. It is the City's policy to record the cost of sick leave when it is used. Unused sick leave not exceeding 180 days may be carried into the next calendar year. At the time of retirement any unused sick leave is added to the employees' length of service.

Accrued annual leave incurred in the proprietary fund is reported as a fund liability in that fund. In governmental fund types, annual leave is recorded as a liability only if they have matured, for example, as a result of employee resignations and retirements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

K. Defined Contribution Plan

The City offers its employees a defined contribution plan (the “Plan”) which is administered by Nationwide and Newport Group. The Plan is a 457(b) Plan. The Plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional and the City does not contribute to the Plan. Employee’s contributions are fully vested at the time of contribution. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. During the year ended June 30, 2021, employees contributed \$30,829.

Pursuant to the Statement No. 32 of the GASB, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City does not have a fiduciary relationship with the Plan. Accordingly, the balances and transactions of the City’s plan are not reported in the City’s financial statements.

L. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

- **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 balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets 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 spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

M. Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that effect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Stewardship, Compliance and Accountability Budgetary Information

Budgets are adopted for the general, special revenue, capital project and proprietary funds on an annual basis.

The budgets for the general, special revenue and capital projects funds are adopted on a basis consistent with generally accepted accounting principles. Budgets are prepared for the proprietary funds as a management control device. Department heads are responsible for submitting budget requests in the spring of each year. The City Accountant reviews the requests, meets with department heads and the budget sub-committee, and then creates a formal budget for the following year to be presented to the Mayor and Council. The budget hearing is publicly advertised and held in accordance with Georgia law. Thereafter, the Mayor and Council adopt a formal budget. The budgetary level of control is at the department level. All appropriations except capital projects funds lapse at year-end. There were no material purchase orders, contracts, or other commitments that should have been encumbered.

Encumbrances represent commitments related to underperformed contracts for goods or services. The City does not utilize encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations.

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Total deposits and investments as of June 30, 2021, are summarized as follows:

Amounts as presented on the entity wide statement of net position:	
Cash and cash equivalents	\$ 7,004,446
Investments	129,750
Total	<u>\$ 7,134,196</u>
Governmental funds:	
Cash and cash equivalents	\$ 3,061,051
Investments	15,448
	<u>3,076,499</u>
Proprietary funds:	
Cash and cash equivalents	3,943,395
Investments	114,302
	<u>4,057,697</u>
Total	<u>\$ 7,134,196</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (CONTINUED)

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the City's policy to limit its investments to those allowed and authorized by state law.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from decreasing interest rates.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The certificates of deposit is an investment which does not meet the criteria of GASB No. 72. As a result, the City does not disclose the certificates of deposits within the fair value hierarchy.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2021, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

At June 30, 2021, the City had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	Various	<u>\$ 129,750</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES

Property tax receivables – Property tax receivables are shown net of an allowance for uncollectable. Property taxes not collected by the year-end are recorded in the allowance for uncollectable accounts.

Property taxes levied are recorded as receivables and recognized as revenues in the year they become due. The property tax calendar is as follows:

Date millage rate is set	September 1, 2020
Lien date	January 1, 2021
Due date	December 20, 2020
Collection dates	October 1, 2020 - December 20, 2020
Delinquent date	December 21, 2020

Receivables as of year-end for the governmental activities and business type activities, individual major governmental funds, including the applicable allowances for uncollectible accounts, as required by GAAP are as follows:

	General	Nonmajor Governmental	Water and Sewer	Sanitation	Nonmajor Stormwater	Total
Receivables:						
Taxes	\$ 127,294	\$ -	\$ -	\$ -	\$ -	\$ 127,294
Accounts	99,119	-	239,810	113,358	22,262	474,549
Due from other governments	2,612	86,990	-	-	-	89,602
Gross receivables	229,025	86,990	239,810	113,358	22,262	691,445
Less: allowance	(127,485)	-	-	-	-	(127,485)
Total receivables	\$ 101,540	\$ 86,990	\$ 239,810	\$ 113,358	\$ 22,262	\$ 563,960

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Changes in capital assets for governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 729,311	\$ -	\$ -	\$ -	\$ 729,311
Construction in process	2,334,312	4,439,790	(2,097)	(2,104,964)	4,667,041
Total capital assets, not being depreciated	<u>3,063,623</u>	<u>4,439,790</u>	<u>(2,097)</u>	<u>(2,104,964)</u>	<u>5,396,352</u>
Capital assets, being depreciated:					
Buildings and improvements	5,220,214	1,319,691	-	-	6,539,905
Infrastructure	17,081,562	1,220,880	-	2,104,964	20,407,406
Machinery and equipment	2,299,326	480,314	(335,070)	-	2,444,570
Total capital assets, being depreciated	<u>24,601,102</u>	<u>3,020,885</u>	<u>(335,070)</u>	<u>2,104,964</u>	<u>29,391,881</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,162,252)	(117,156)	-	-	(1,279,408)
Infrastructure	(2,747,992)	(390,749)	-	-	(3,138,741)
Machinery and equipment	(1,725,318)	(171,053)	321,285	-	(1,575,086)
Total accumulated depreciation	<u>(5,635,562)</u>	<u>(678,958)</u>	<u>321,285</u>	<u>-</u>	<u>(5,993,235)</u>
Total capital assets, being depreciated, net	<u>18,965,540</u>	<u>2,341,927</u>	<u>(13,785)</u>	<u>2,104,964</u>	<u>23,398,646</u>
Governmental activities capital assets, net	<u>\$ 22,029,163</u>	<u>\$ 6,781,717</u>	<u>\$ (15,882)</u>	<u>\$ -</u>	<u>\$ 28,794,998</u>

Depreciation expense for the year ended June 30, 2021 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 35,540
Public safety	205,809
Public works	366,786
Recreation	46,623
Judicial	24,200
Total depreciation expense - governmental activities	<u>\$ 678,958</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for business-type activities are as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 816,149	\$ -	\$ -	\$ -	\$ 816,149
Total capital assets, not being depreciated	<u>816,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>816,149</u>
Capital assets, being depreciated:					
Buildings and improvements	2,003,334	-	-	-	2,003,334
Infrastructure	6,837,393	300,604	-	-	7,137,997
Machinery and equipment	809,247	9,940	-	-	819,187
Total capital assets, being depreciated	<u>9,649,974</u>	<u>310,544</u>	<u>-</u>	<u>-</u>	<u>9,960,518</u>
Less accumulated depreciation for:					
Buildings and improvements	(137,531)	(41,161)	-	-	(178,692)
Infrastructure	(3,874,778)	(151,885)	-	-	(4,026,663)
Machinery and equipment	(596,583)	(28,585)	-	-	(625,168)
Total accumulated depreciation	<u>(4,608,892)</u>	<u>(221,631)</u>	<u>-</u>	<u>-</u>	<u>(4,830,523)</u>
Total capital assets, being depreciated, net	<u>5,041,082</u>	<u>88,913</u>	<u>-</u>	<u>-</u>	<u>5,129,995</u>
Business-type activities capital assets, net	<u>\$ 5,857,231</u>	<u>\$ 88,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,946,144</u>

Depreciation expense for the year ended June 30, 2021 was charged to functions/programs for business-type activities are as follows:

Business-type activities:	
Water and Sewer Fund	\$ 214,965
Sanitation Fund	478
Nonmajor Enterprise Fund	6,188
Total depreciation expense - business-type activities	<u>\$ 221,631</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

Debt under governmental activities consist of the following for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 184,104	\$ 132,628	\$ (148,219)	\$ 168,513	\$ 118,862
Notes payable	-	4,350,000	(891,583)	3,458,417	531,430
Governmental activities Long-term liabilities	<u>\$ 184,104</u>	<u>\$ 4,482,628</u>	<u>\$ (1,039,802)</u>	<u>\$ 3,626,930</u>	<u>\$ 650,292</u>

Debt under business-type activities consists of the following for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Compensated absences	\$ 42,050	\$ 38,820	\$ (35,981)	\$ 44,889	\$ 32,476
Business-type activities Long-term liabilities	<u>\$ 42,050</u>	<u>\$ 38,820</u>	<u>\$ (35,981)</u>	<u>\$ 44,889</u>	<u>\$ 32,476</u>

A summary of notes payable as of June 30, 2021 is as follows:

On August 13, 2020 the City entered into an installment sale agreement with Georgia Municipal Association (“GMA”) for the purpose of constructing a new fire station. Under the agreement, GMA is the seller and the City is the purchaser. GMA agreed to finance and assign the agreement to Synovus Bank and advanced \$4,350,000 into an escrow fund to pay the cost of constructing the fire station. The interest rate is 1.99%.

Principal and interest payments are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 531,430	\$ 62,131	\$ 593,561
2023	535,315	58,247	593,562
2024	545,967	47,594	593,561
2025	556,832	36,730	593,562
2026	567,913	25,649	593,562
2027 and 2028	720,960	17,168	738,128
Total	<u>\$ 3,458,417</u>	<u>\$ 247,519</u>	<u>\$ 3,705,936</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2021, are as follows:

Receivable Fund	Payable Fund	Total
General Fund	Water and Sewer Fund	\$ 28,952
General Fund	SPLOST	100
Nonmajor Enterprise Fund	Water and Sewer Fund	25,188
	Total	\$ 54,240

Interfund receivables and payables result from timing differences related to charges for services or reimbursable expenses. The City expects to repay these interfund balances within one year.

Interfund transfers during the year ended June 30, 2021 are as follows:

Transfer in	Transfer out	Total
General Fund	Water and Sewer Fund	\$ 1,200,000
General Fund	Sanitation Fund	100,000
Nonmajor Governmental Fund	Water and Sewer Fund	66,216
Water and Sewer Fund	Sanitation Fund	139,720
		\$ 1,505,936

NOTE 7. DUE FROM OTHER GOVERNMENTS

As of June 30, 2021, the following amounts were due from other governments:

Government	Fund	Amount
Department of Justice	General Fund	\$ 2,612
Georgia Department of Transportation	Nonmajor Governmental Fund	86,990
		\$ 89,602

NOTE 8. 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; injuries to employees; and natural disasters. The City joined the Georgia Interlocal Risk Management Agency ("GIRMA") in 1999. This membership allows the City to share liability, crime, motor vehicle and property damage risks. The City retains the first \$5,000 of the risk of loss for the law enforcement and the errors and omissions coverage in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the \$5,000 deductible, if applicable. Management is not aware of any claims that the City is liable for which were outstanding and unpaid as of June 30, 2021. Settlement claims from the risks mentioned above have not exceeded insurance coverage for the past five years.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. RISK MANAGEMENT (CONTINUED)

The City is a member of the Georgia Municipal Association of Workers' Compensation Self Insurance Fund. The fund operates under the authority of O.C.G.A. §34-9-150, et seq. The City pays into the fund its share of the fund's projected obligation of workers' compensation liability, administrative expenses, and other costs incurred by the fund. The City's share is adjusted by the board of the fund according to the claim experience of each participating member in accordance with criteria set forth in the bylaws of the fund. The fund makes payments to the employees of the members for workers compensation benefits pursuant to and in accordance with the claims procedures set forth in title 34, chapter 9 O.C.G.A. The City is jointly and severally liable for all legal obligations of the fund, including, but not limited to, any obligations of the fund to pay claims against the fund arising out of any occurrence, incident, or accident covered under title 34, chapter 9 of O.C.G.A.

As a part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claims of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussion and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

NOTE 9. PENSION PLAN

Plan description – The City contributes to the Georgia Municipal Employees Benefit System (“GMEBS”) Pension Plan (the "Plan"), an agent multiple employer defined contribution pension plan that acts as a common investment and administrative agent for cities in the state of Georgia. All full-time City employees are eligible to participate in the Plan. Employees are vested after 5 years. Retirement benefits are calculated at 1.5% of the employee's final 5-year average salary times the employee's years of service. Employees that are 65 and have 5 years of service or meet the rule of 80 with no minimum age or service requirement are eligible to retire. Employees with 10 years of continuous service are eligible for early retirement at age 55. Officials are vested immediately and will receive a retirement benefit of \$40 per month per year. These benefit provisions and all other requirements are established by the GMEBS Pension Trust and Adoption Agreement executed by the City. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to GMEBS, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Plan membership – As of June 30, 2021, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not receiving benefits	35
Active plan members	65
Total	<u>127</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Contributions – City employees are not required to contribute to the Plan. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The City funds the required minimum contributions. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the actuarially-recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by the Plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's contributions to the plan for the year ended June 30, 2021 was 6.4% of covered payroll. The City's contributions to the Plan were \$195,009 for the year ended June 30, 2021.

Net pension asset – The City's net pension asset was measured as of September 30, 2020, which would make it applicable to the fiscal year beginning July 1, 2020 and ending June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021.

Actuarial assumptions – The mortality and economic actuarial assumptions used in the January 1, 2021 valuation were approved GMEBS Board of Trustees in December 2020 based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019. The total pension asset in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Net investment rate of return	7.375%
Projected salary increases	2.25%
Cost of living adjustment	2.25%

Mortality rates for the valuation period were based on the RP-2000 Mortality Tables with gender-distinct rates, set forward two years for males and one year for females multiplied by 1.25. The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2015 to June 30, 2019. Mortality experience will be reviewed periodically and updated if necessary.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Actuarial assumptions (Continued) - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation. Best estimates are arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2020 are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	7.05%
Domestic fixed income	20%	1.15%
Real estate	10%	4.50%
Global fixed income	5%	1.25%
Cash	0%	
Total or weighted arithmetic average	100%	

* Rates shown are net of the 2.25% assumed rate of inflation.

Discount rate – The discount rate used to measure the total pension asset was 7.375%. The projection of cash flows used to actuarially determine contribution rates assumed that City contributions will be made at rates equal to the actuarial determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all the projected benefit payments to determine the total pension asset.

The following presents the net pension asset of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

The City's net pension asset as calculated at the discount rates noted above are as follows:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension asset	\$ 339,339	\$ (538,025)	\$ (1,255,909)

Changes in net pension asset – The changes in the components of the net pension asset for the City for the year ended June 30, 2021 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Beginning Balance	\$ 5,604,416	\$ 6,116,140	\$ (511,724)
Changes for the year:			
Service cost	120,974	-	120,974
Interest	415,178	-	415,178
Differences between expected and actual experience	94,198	-	94,198
Contributions – employer	-	90,470	(90,470)
Net investment income	-	582,749	(582,749)
Benefit payments, including refunds of employee contributions	(191,709)	(191,709)	-
Administrative expense	-	(16,568)	16,568
Net changes	438,641	464,942	(26,301)
Ending Balance	\$ 6,043,057	\$ 6,581,082	\$ (538,025)

The Plan's fiduciary net position as a percentage of the total pension liability 108.90%

The required schedule of changes in the City's net pension asset and related ratios in the required supplementary information section presents multi-year trend information about whether the value of plan assets are increasing or decreasing over time relative to the total pension asset.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Pension expense and deferred outflows/inflows of resources related to pensions – For the year ended June 30, 2021, the City recognized pension expense of \$16,568. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,955	\$ 33,232
Changes in assumptions	100,486	-
Net difference between projected and actual earnings on pension plan investments	-	71,277
City contributions subsequent to the measurement date	146,257	-
Total	\$ 328,698	\$ 104,509

City contributions subsequent to the measurement date of \$146,257, are reported as deferred outflows of resources and will be recognized as a reduction to the net pension asset for the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,			
2022	\$	(12,463)	
2023		52,555	
2024		46,206	
2025		(8,366)	
Total	\$	77,932	

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. JOINT VENTURE

The City is a member of the Middle Georgia Regional Commission ("MGRC"). Membership in a regional commission is required by the O.C.G.A. §50-8-34, which provides for the organizational structure of regional commissions in Georgia. The MGRC board membership includes the chief official of each City and municipality of the area. O.C.G.A. §50-8-39.1 provides that member governments are liable for any debts or obligations of the regional commission. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
175 Emery Highway
Macon, Georgia 31217

NOTE 11. CONTINGENCIES

The City is a defendant in various lawsuits. In the opinion of the City's management and the City Attorney, the ultimate effect of these matters will not have a material adverse effect on the financial condition of the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CENTERVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS FOR THE YEARS ENDED JUNE 30,

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 120,974	\$ 106,564	\$ 124,906	\$ 109,972	\$ 98,872	\$ 112,022	\$ 115,947
Interest on total pension liability	415,178	388,418	365,423	345,420	331,470	332,127	356,024
Differences between expected and actual experience	94,198	(66,465)	26,379	113,790	(73,727)	(280,472)	(10,809)
Changes of assumptions	-	200,973	-	(91,351)	-	-	(583,163)
Benefit payments, including refunds of employee contributions	(191,709)	(194,831)	(188,695)	(186,228)	(167,007)	(177,310)	(195,381)
Other	-	-	-	-	-	-	-
Net change in total pension liability	438,641	434,659	328,013	291,603	189,608	(13,633)	(317,382)
Total pension liability - beginning	5,604,416	5,169,757	4,841,744	4,550,141	4,360,533	4,374,166	4,691,548
Total pension liability - ending (a)	6,043,057	5,604,416	5,169,757	4,841,744	4,550,141	4,360,533	4,374,166
Plan fiduciary net position							
Contributions - employer	90,470	76,022	139,067	148,580	143,152	303,328	231,397
Net investment income	582,749	177,609	552,975	736,225	494,952	43,401	437,417
Benefit payments, including refunds of employee contributions	(191,709)	(194,831)	(188,695)	(186,228)	(167,007)	(177,310)	(195,381)
Administrative expenses	(16,568)	(16,647)	(17,248)	(17,983)	(10,373)	(11,630)	(9,368)
Net change in plan fiduciary net position	464,942	42,153	486,099	680,594	460,724	157,789	464,065
Plan fiduciary net position - beginning	6,116,140	6,073,987	5,587,888	4,907,294	4,446,570	4,288,781	3,824,716
Plan fiduciary net position - ending (b)	6,581,082	6,116,140	6,073,987	5,587,888	4,907,294	4,446,570	4,288,781
City's net pension liability (asset) - ending (a)-(b)	\$ (538,025)	\$ (511,724)	\$ (904,230)	\$ (746,144)	\$ (357,153)	\$ (86,037)	\$ 85,385
Plan fiduciary net position as a percentage of the total pension liability	108.90%	109.1%	117.5%	115.4%	107.8%	102.0%	98.0%
Covered payroll	\$ 2,399,165	\$ 2,337,195	\$ 2,069,601	\$ 2,406,869	\$ 1,980,551	\$ 1,978,438	\$ 1,849,132
City's net pension asset as a percentage of covered payroll	-22.43%	-21.9%	-43.7%	-31.0%	-18.0%	-4.3%	4.6%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF CENTERVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FOR THE YEARS ENDED JUNE 30,

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 195,009	\$ 55,624	\$ 82,821	\$ 157,815	\$ 145,502	\$ 142,369	\$ 212,926
Contributions in relation to the actuarially determined contribution	195,009	55,624	82,821	157,815	145,502	142,369	212,926
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 2,399,165	\$ 2,337,195	\$ 2,069,601	\$ 2,406,869	\$ 1,980,551	\$ 1,978,438	\$ 1,849,132
Contributions as a percentage of covered payroll	8.1%	2.4%	4.0%	6.6%	7.3%	7.2%	11.5%

Notes to the Schedule:

Valuation date	January 1, 2021
Cost method	Projected unit credit
Actuarial 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.

Assumed rate of return on investments	7.375%
Projected salary increases	2.25% plus service based merit increases
Cost-of-living adjustment	2.25%
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	N/A

The schedule will present 10 years of information once it is accumulated.

**COMBINING STATEMENTS
AND SCHEDULES**

CITY OF CENTERVILLE, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Confiscated Assets Fund** accounts for monies collected under Georgia Law by the Centerville law enforcement officers. Such monies are restricted to defray the cost of complex investigations and to purchase equipment relating to said investigations.

The **Center Park Fund** accounts for the donations and expenses related to the Center Park of the City of Centerville.

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **LMIG Fund** accounts for capital projects of the City from resources provided by the Local Maintenance and Improvement Grant.

CITY OF CENTERVILLE, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds		Capital Projects Fund	Totals
	Confiscated Assets Fund	Center Park Fund	LMIG Fund	
ASSETS				
Cash and cash equivalents	\$ 37,368	\$ 6,818	\$ -	\$ 44,186
Intergovernmental	-	-	86,990	86,990
Total assets	<u>\$ 37,368</u>	<u>\$ 6,818</u>	<u>\$ 86,990</u>	<u>\$ 131,176</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 9,625	\$ -	\$ -	\$ 9,625
Total liabilities	<u>9,625</u>	<u>-</u>	<u>-</u>	<u>9,625</u>
FUND BALANCES				
Restricted for:				
Law enforcement	27,743	-	-	27,743
Center park	-	6,818	-	6,818
Road resurfacing	-	-	86,990	86,990
Total fund balances	<u>27,743</u>	<u>6,818</u>	<u>86,990</u>	<u>121,551</u>
Total liabilities and fund balances	<u>\$ 37,368</u>	<u>\$ 6,818</u>	<u>\$ 86,990</u>	<u>\$ 131,176</u>

CITY OF CENTERVILLE, GEORGIA

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

	Special Revenue Funds		Capital Projects Fund	Totals
	Confiscated Assets Fund	Center Park Fund	LMIG Fund	
Revenues				
Intergovernmental	\$ -	\$ -	\$ 86,990	\$ 86,990
Other revenues	-	7,500	-	7,500
Total revenues	-	7,500	86,990	94,490
Expenditures				
Capital outlay	-	81,144	153,367	234,511
Total expenditures	-	81,144	153,367	234,511
Deficiency of revenues under expenditures	-	(73,644)	(66,377)	(140,021)
Other financing sources				
Transfers in	-	-	66,216	66,216
Total other financing sources	-	-	66,216	66,216
Net change in fund balances	-	(73,644)	(161)	(73,805)
Fund balances, beginning of year	27,743	80,462	87,151	195,356
Fund balances, end of year	\$ 27,743	\$ 6,818	\$ 86,990	\$ 121,551

CITY OF CENTERVILLE, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CONFISCATED ASSETS - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Confiscations	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current:				
Public safety:				
Materials and supplies - DOJ	1,000	1,000	-	(1,000)
Total expenditures	1,000	1,000	-	(1,000)
Net change in fund balances	(1,000)	(1,000)	-	1,000
Fund balances, beginning of year	27,743	27,743	27,743	-
Fund balances, end of year	\$ 26,743	\$ 26,743	\$ 27,743	\$ 1,000

CITY OF CENTERVILLE, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CENTER PARK - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Merchandise sales	\$ 500	\$ 500	\$ -	\$ (500)
Donations	-	-	7,500	7,500
Total revenues	<u>500</u>	<u>500</u>	<u>7,500</u>	<u>7,000</u>
Expenditures				
Current:				
Dues and fees	100	100	-	(100)
Vendor fees	3,500	3,500	-	(3,500)
Site improvements	10,000	10,000	10,000	-
Building	66,000	66,000	66,000	-
Furniture and fixtures	-	-	5,144	5,144
Total expenditures	<u>79,600</u>	<u>79,600</u>	<u>81,144</u>	<u>1,544</u>
Net change in fund balances	(79,100)	(79,100)	(73,644)	5,456
Fund balances, beginning of year	<u>80,462</u>	<u>80,462</u>	<u>80,462</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,362</u>	<u>\$ 1,362</u>	<u>\$ 6,818</u>	<u>\$ 5,456</u>

CITY OF CENTERVILLE, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX PROCEEDS – 2012 AND 2018 ISSUE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2012 Project					
Roads, streets and sidewalks	\$ 706,500	\$ 706,500	\$ 584,914	\$ 121,145	\$ 706,059
Water and sewer improvement	706,500	706,500	163,562	98,260	261,822
Debt payoff water and sewer	637,000	637,000	358,757	-	358,757
Public safety facilities and equipment	3,000,000	3,000,000	2,898,103	-	2,898,103
Sub-total	<u>5,050,000</u>	<u>5,050,000</u>	<u>4,005,336</u>	<u>219,405</u>	<u>4,224,741</u>
Reconciling item to adjust for principal payments on debt related to 2012 project:					
Debt service	-	3,128,085	3,128,085	-	3,128,085
Total 2012	<u>\$ 5,050,000</u>	<u>\$ 8,178,085</u>	<u>\$ 7,133,421</u>	<u>\$ 219,405</u>	<u>\$ 7,352,826</u>
2018 Project					
Public safety facilities and equipment	\$ 2,630,000	\$ 4,532,477	\$ 42,687	\$ 4,489,791	\$ 4,532,478
Parks and recreation	800,000	800,000	351,828	-	351,828
Transportation and road projects	500,000	500,000	-	-	-
Debt service	99,337	99,337	-	-	-
	<u>4,029,337</u>	<u>5,931,814</u>	<u>394,515</u>	<u>4,489,791</u>	<u>4,884,306</u>
Reconciling item to adjust for principal payments on debt related to 2018 project:					
Debt service	-	4,350,000	-	FALSE	-
Total 2018	<u>\$ 4,029,337</u>	<u>\$ 10,281,814</u>	<u>\$ 394,515</u>	<u>\$ 4,489,791</u>	<u>\$ 4,884,306</u>
Totals	<u>\$ 9,079,337</u>	<u>\$ 18,459,899</u>	<u>\$ 7,527,936</u>	<u>\$ 4,709,196</u>	<u>\$ 12,237,132</u>

Note - Original estimated cost represents the portion of these projects to be funded with the Special Purpose Local Option Sales Taxes ("SPLOST"). Revised and actual costs represent the portion of these projects funded with SPLOST as well as financing with Synovus Bank for the excess cost of constructing a new fire station

COMPLIANCE SECTION



**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 Honorable Mayor and
Members of the City Council
City of Centerville, Georgia
Centerville, Georgia**

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of the City of Centerville, Georgia (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2021.

Internal Control Over Financial Reporting

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

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

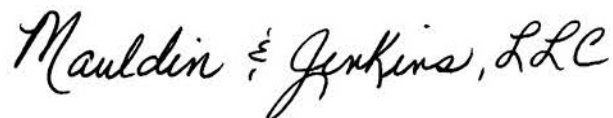
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Macon, Georgia
November 30, 2021

CITY OF CENTERVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiencies identified not considered to be material weaknesses?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

There was not an audit of major federal programs as of June 30, 2021 due to the total amount expended being less than \$750,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

CITY OF CENTERVILLE, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2020-001 – Material Weakness in Internal Control Over Financial Reporting – Segregation of Duties

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives.

Condition: During the audit it was noted that overlapping of duties exists primarily in the areas of cash receipts, cash disbursements and reconciliation functions. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected.

Auditee Response/Status: Resolved in the current year.