CITY OF MCRAE-HELENA, GEORGIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2021

Milton CPA Services, LLC
Certified Public Accountant
Certified Internal Auditor
Certified Government Auditing Professional

CITY OF MCRAE-HELENA, GEORGIA
FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

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I. FINANCIAL SECTION

- **INDEPENDENT AUDITOR'S REPORT**
- **BASIC FINANCIAL STATEMENTS**

Milton CPA Services, LLC
49 West Oak Street
McRae Helena, GA
31055

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
City of McRae-Helena, Georgia

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

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 of 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 of McRae-Helena, Georgia as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information

Management has omitted the Management's Discussion and Analysis for the year ended June 30, 2021 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules related to pensions on pages 38-39 and the budgetary comparison information on pages 40-41 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 or economic 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 of McRae-Helena, Georgia's financial statements as a whole. The combining and individual fund financial statements and schedules, supplementary schedules and schedule of expenditures of federal awards,, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

In the conduct of our audit, we verified and tested expenditures of each project constructed or under construction, which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by OCGA, Section 48-8-110. The accompanying Schedule of Special Purpose Local Option Sales Tax on pages 46-47 lists each project and contains the information required by OCGA, Section 48-8-121. In our opinion this Schedule presents fairly the original estimated cost of each project, expenditures incurred and the estimated percentage of completion of each project through June 30, 2021 and in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the City of McRae-Helena, Georgia's internal control structure over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants 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 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 McRae-Helena Georgia's internal control over financial reporting.

Milton CPA Services, LLC

McRae-Helena, Georgia
December 13, 2021

CITY OF MCRAE-HELENA, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 6,995,944	$ 1,742,779	$ 8,738,723
Restricted assets - cash	81,658	-	81,658
Taxes receivable, net of uncollectible accounts	92,882	-	92,882
Other receivables	250,373	221,863	472,236
Internal balances	374,695	(374,695)	-
Prepaids	61,000	13,000	74,000
Other assets	6,081	-	6,081
Capital assets:			
Nondepreciable	78,257	3,367,385	3,445,642
Depreciable, net	4,762,751	7,375,449	12,138,200
Total assets	12,703,641	12,345,781	25,049,422
DEFERRED OUTFLOWS OF RESOURCES	173,036	34,690	207,726
LIABILITIES			
Accounts payable	5,429	2,943	8,372
Other accrued liabilities	18,805	26,226	45,031
Noncurrent liabilities:			
Due within one year -			
Notes payable	63,818	327,316	391,134
Due in more than one year:			
Notes payable	1,089,303	3,744,531	4,833,834
Net pension liability	969,260	194,317	1,163,577
Total liabilities	2,146,615	4,295,333	6,441,948
DEFERRED INFLOWS OF RESOURCES	30,340	6,082	36,422
NET POSITION			
Net investment in capital assets	3,687,887	6,670,987	10,358,874
Restricted for - capital projects	3,033,470	-	3,033,470
Restricted for - redevelopment	161,767	-	161,767
Unrestricted	3,816,598	1,408,069	5,224,667
Total net position	$ 10,699,722	$ 8,079,056	$ 18,778,778

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	$ 619,597	$ 317,379	$ -
Public safety	1,644,555	-	433,282
Public works	1,276,970	438,204	-
Health and welfare	5,042	-	-
Culture and recreation	55,563	-	-
Housing and development	15,570	-	-
Interest	39,871	-	-
Total governmental activities	3,657,168	755,583	433,282
Business-type activities -			
Water and sewer	1,318,457	1,383,864	-
Total business-type activities	1,318,457	1,383,864	-
Total primary government	$ 4,975,625	$ 2,139,447	$ 433,282

General revenues:
Property taxes
Franchise taxes
Local option sales taxes
Hotel Motel tax
Alcoholic beverage taxes
Insurance premium taxes
Interest income
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

Program Revenues	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
$ -	$ (302,218)	$ -	$ (302,218)
666,667	(544,606)	-	(544,606)
939,788	101,022	-	101,022
-	(5,042)	-	(5,042)
-	(55,563)	-	(55,563)
-	(15,570)	-	(15,570)
-	(39,871)	-	(39,871)
1,606,455	(861,848)	-	(861,848)
-	-	65,407	65,407
-	-	65,407	65,407
$ 1,606,455	(861,848)	65,407	(796,441)
	1,212,771	-	1,212,771
	295,568	-	295,568
	623,007	-	623,007
	19,859	-	19,859
	131,316	-	131,316
	686,743	-	686,743
	23,756	6,471	30,227
	56,424	70,563	126,987
	(162,820)	162,820	-
	2,886,624	239,854	3,126,478
	2,024,776	305,261	2,330,037
	8,674,946	7,773,795	16,448,741
	$ 10,699,722	$ 8,079,056	$ 18,778,778

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	SPLOST	Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 3,857,571	$ 2,294,860	$ 115,776	$ 727,737	$ 6,995,944
Restricted assets - cash	81,658	-	-	-	81,658
Taxes receivable - net of uncollectible accounts	92,882	-	-	-	92,882
Other receivables	195,859	45,735	-	8,779	250,373
Due from other funds	374,695	-	-	2,350	377,045
Prepaids	61,000	-	-	-	61,000
Other assets	6,081	-	-	-	6,081
Total assets	$ 4,669,746	$ 2,340,595	$ 115,776	$ 738,866	$ 7,864,983
LIABILITIES					
Accounts payable	$ 5,429	$ -	$ -	$ -	$ 5,429
Due to other funds	2,350	-	-	-	2,350
Other accrued liabilities	18,805	-	-	-	18,805
Total liabilities	26,584	-	-	-	26,584
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	35,574	-	-	-	35,574
Unavailable revenue - fines	105,528	-	-	-	105,528
Total deferred inflows of resources	141,102	-	-	-	141,102
FUND BALANCES					
Nonspendable	61,000	-	-	-	61,000
Restricted					
Capital projects	-	2,340,595	115,776	577,099	3,033,470
Redevelopment	-	-	-	161,767	161,767
Assigned	600,000	-	-	-	600,000
Unassigned	3,841,060	-	-	-	3,841,060
Total fund balances	4,502,060	2,340,595	115,776	738,866	7,697,297
Total liabilities, deferred inflows of resources, and fund balances	$ 4,669,746	$ 2,340,595	$ 115,776	$ 738,866	$ 7,864,983

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:		
Total governmental fund balance (page 5)		$ 7,697,297
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Cost of capital assets	$ 9,556,038	
Less accumulated depreciation	(4,715,030)	4,841,008
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		141,102
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability		(969,260)
Deferred outlfow and inflows of resources related to pensions are appliable to future periods and, therefore, are not reported in the funds.		
Deferred outflow of employer contributions after the measurement date		122,336
Deferred outflows of resources related to pensions		50,700
Deferred inflows of resources related to pensions		(30,340)
Long-term liabilities, such as compensated absences and capital leases are not due and payable in the current period and, therefore, are not reported in the funds.		(1,153,121)
Net position of governmental activities (page 3		$ 10,699,722

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General	SPLOST	Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 2,957,162	$ -	$ -	$ 19,859	$ 2,977,021
Charges for services	501,586	-	-	-	501,586
Licenses and permits	44,200	-	-	-	44,200
Intergovernmental	128,900	646,653	1,099,949	191,005	2,066,507
Fines and forfeitures	131,852	-	-	-	131,852
Interest income	22,412	4,039	-	1,344	27,795
Other income	53,182	-	17,997	-	71,179
Total revenues	3,839,294	650,692	1,117,946	212,208	5,820,140
EXPENDITURES					
Current:					
General government	605,156	-	-	14,755	619,911
Public safety	1,492,025	-	9,610	-	1,501,635
Public works	1,031,095	2,571	-	-	1,033,666
Health and welfare	1,264	-	3,916	-	5,180
Culture and recreation	55,563	-	-	-	55,563
Housing and development	10,137	-	-	5,433	15,570
Debt service:					
Principal	61,854	-	-	-	61,854
Interest	39,871	-	-	-	39,871
Capital outlay:					
Public safety	41,462	-	701,407	-	742,869
Public works	505,458	170,903	57,408	-	733,769
Total expenditures	3,843,885	173,474	772,341	20,188	4,809,888
Excess of revenues over expenditures	(4,591)	477,218	345,605	192,020	1,010,252
OTHER FINANCING SOURCES (USES)					
Transfer in (out)	381,171	(103,448)	(354,491)	(86,052)	(162,820)
Total other financing sources (uses)	381,171	(103,448)	(354,491)	(86,052)	(162,820)
Net change in fund balances	376,580	373,770	(8,886)	105,968	847,432
Fund balances, beginning	4,125,480	1,966,825	124,662	632,898	6,849,865
Fund balances, ending	$ 4,502,060	$ 2,340,595	$ 115,776	$ 738,866	$ 7,697,297

The accompanying Notes to Financial Statements are an integral part of these statements.

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

Amounts reported for governmental activities in the statement of activities (page 4) are different because:		
Net change in fund balances - total governmental funds (page 7)		$ 847,432
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 outlay	$ 1,476,638	
Depreciation expense	(415,084)	1,061,554
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue at June 30, 2021	$ 141,102	
Unavailable revenue at June 30, 2020	(101,723)	39,379
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	$ 163,115	
Cost of benefits earned net of employee contributions (pension expense)	(148,558)	14,557
The issuance of long-term debt (e.g. bonds, leases), 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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Loan proceeds	$ -	
Repayments of long-term debt	61,854	61,854
Change in net position of governmental activities (page 4)		$ 2,024,776

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	Business-Type Activity - Enterprise Fund
	Water and Sewer
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1,742,779
Accounts receivable, ne	221,863
Prepaids	13,000
Total current assets	1,977,642
Noncurrent assets -	
Capital assets:	
Land, nondepreciable	525,656
Construction in progress, nondepreciabl	2,841,729
Buildings and plant, depreciable	16,228,772
Machinery and equipment, depreciabl	571,656
Less - accumulated depreciation	(9,424,979)
Capital assets, net	10,742,834
Total assets	12,720,476
DEFERRED OUTFLOWS OF RESOURCES	34,690
LIABILITIES	
Current liabilities:	
Accounts payable	2,943
Other accrued liabilities	26,226
Due to other funds	374,695
Current portion of long-term deb	327,316
Total current liabilities	731,180
Long-term liabilities -	
Long-term debt	3,744,531
Net pension liability	194,317
Total liabilities	4,670,028
DEFERRED INFLOWS OF RESOURCES	6,082
NET POSITION	
Net investment in capital assets	6,670,987
Unrestricted	1,408,069
Total net position	$ 8,079,056

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	Business-Type Activity - Enterprise Fund
	Water and Sewer
OPERATING REVENUES	
Sewerage charges	$ 687,960
Water charges	673,151
Late fees	13,888
Cut on fees	8,865
Other revenue	70,563
Total operating revenues	1,454,427
OPERATING EXPENSES	
Personnel services	274,574
Employee benefits	126,439
Repairs and maintenance	54,882
Depreciation	379,452
Supplies and materials	61,668
Professional fees	72,365
Utilities	223,538
Other operating	31,493
Rent	3,211
Insurance	11,365
Total operating expenses	1,238,987
Operating income	215,440
NON-OPERATING REVENUES (EXPENSES)	
Investment income	6,471
Interest expense	(79,470)
Total non-operating revenues, net	(72,999)
Income (loss) before transfers	142,441
Transfer in, net	162,820
Change in net position	305,261
Net position, beginning	7,773,795
Net position, ending	$ 8,079,056

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
JUNE 30, 2021

	Business-Type Activity - Enterprise Fund
	Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 1,457,243
Cash paid to suppliers for goods and services	(589,287)
Cash paid to employees for services	(293,751)
Net cash provided by operating activities	574,205
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer out to General fund	(26,680)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer in from capital projects funds	189,500
Acquisition and construction of capital assets	(379,489)
Loan proceeds received	165,026
Principal paid on long-term debt	(192,577)
Interest and fees paid on long-term debt	(57,289)
Net cash used for capital and related financing activities	(274,829)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income on investments	6,471
Net cash provided by investing activities	6,471
Net decrease in cash	279,167
Cash, beginning	1,463,612
Cash, ending	$ 1,742,779
Classifed as:	
Current assets	$ 1,742,779
	$ 1,742,779
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	$ 215,440
Depreciation	379,452
Change in accounts payable	(3,626)
Change in prepaids	(700)
Change in net pension liability and related deferrals	(19,177)
Change in accounts receivable	2,816
Net cash provided by operating activities	$ 574,205

The accompanying Notes to Financial Statements are an integral part of these statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The City of McRae-Helena, Georgia (City) operates under a mayor-council form of government and provides the following services as authorized by its charter; general administration services, public safety (police and fire), public works, health and welfare, culture and recreation, and housing and development. The City also operates a public utility (water and sewer) for the incorporated and the immediate surrounding areas.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City has no potential component units that should be considered for inclusion in the reporting entity.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SPLOST Capital Projects Fund accounts for 1% sales tax proceeds required to be used for capital outlay for infrastructure enhancement purposes as authorized by local referendum.

Grant Fund Exceeding 2% accounts for certain individual grants to finance major capital projects.

The City reports the following non-major governmental fund:

CDBG Revolving Loan Fund accounts for CDBG Redevelopment Funds received as part of the City's efforts to leverage investments in commercial, downtown and industrial redevelopment and revitalization projects.

Transportation SPLOST accounts for the 1% regional sales tax proceeds received as part of the Transportation Investment Act to be used for capital outlay for highway and street enhancement purposes.

Hotel Motel Tax Fund accounts for the revenues and expenditures related to the 5% hotel/motel tax levied by the City. This 5% tax provides funds for the promotion of tourism as provided by O.C.G.A. 48-13-51.

CDBG Fund accounts for the construction and expansion of the water treatment facility. CDBG funds will be used to finance the project. al, downtown and industrial redevelopment and revitalization project.

The City reports the following major proprietary fund:

Water and Sewer Fund was established for the control of the operating revenue and expenses of the water distribution system and sewerage processing plants.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the statement which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. ***Cash and Cash Equivalents*** - include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

   State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and obligations of the other political subdivisions of the State of Georgia.

   Investments are reflected following the guidance for investment valuations provided by GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments in non-negotiable certificates of deposit are stated using a cost-based measure.

2. ***Restricted assets*** – are set aside and classified as restricted on the balance sheet because their use is limited by applicable ordinances. If an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted assets will be applied first with any unrestricted assets used if necessary.

   As of June 30, 2021, the restricted assets of the City consisted of:

General fund – restricted cash	$ 81,658

3. ***Short-term Interfund Receivables/Payables*** - During the course of operations, numerous transactions may occur between individual funds for goods provided or services rendered. The purpose of the interfund balances is to account for those transactions that have not been settled as of the financial statement date. These receivables and payables are classified as "due from other funds" or "due to other funds" on the respective fund's balance sheet and as internal balances on the statement of net position. All interfund balances shown are expected to be settled within one year.

4. ***Accounts Receivable and Taxes Receivable -*** Accounts receivable and taxes receivable, are shown net of an allowance for uncollectible accounts. The allowance for general government accounts receivable is derived from the age of the individual receivable with age categories ranging from 30 days past due to five years past due, and applicable uncollectible percentages ranging from 3% to 100% of the accounts receivable in that category.

   Utility service accounts receivable reported in the enterprise fund is reported net of an allowance for uncollectible amounts. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

5. ***Prepaid Items*** - Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6. Inventories – On the government-wide financial statements, inventories, as applicable, are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds, as applicable, are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures in the governmental fund types when consumed.

7. Capital Assets - Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized in the government-wide financial statements to the extent the City's capitalization threshold of $5,000 is met. Other costs incurred for repairs and maintenance are expensed as incurred. The City's infrastructure consists of roads, bridges and water and sewer lines.

Depreciation on capital assets is calculated on the straight-line basis over the estimated useful lives of the respective assets as follows:

• Buildings and plant	30 - 40 years
• Machinery and equipment	5 - 20 years
• Infrastructure	15 - 25 years

8. Compensated Absences - It is the City's policy to permit employees to accumulate earned but unused vacation that will be paid to employees at the end of the year. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City.

9. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues primarily from two sources: property taxes and fines and forfeitures. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

10. Pensions

The employees of the City participate in the Georgia Municipal Employees Benefit System (GMEBS). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of GMEBS and additions to/deductions from GMEBS's fiduciary net position have been determined on the same basis as they are reported by GMEBS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. 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 current assets and current liabilities. 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 (ie., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

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

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

- **Assigned** - fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purpose, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Clerk to assign fund balances.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

12. Net position flow assumption

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

13. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

14. Management Estimates **-** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The City levied the 2020 taxes of 10.868 mills on October 20, 2020 payable on December 20, 2020. City property tax revenues are recognized when received unless collection is made within 60 days of year-end, in which case the subsequent collections are recognized at year-end.

Property taxes receivable are recorded in the General Fund. At year end, receivables represent delinquent taxes. Delinquent taxes not paid within 60 days of year end are recorded as unavailable revenue.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Policy and Budgetary Data

Budget Policy

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except capital project funds, which adopt a project-length budget. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds budgets are adopted on a basis consistent with GAAP. The budget is adopted on a departmental basis and is amended by the governing board on a periodic basis as required by changing conditions. The budgeted amounts shown represent the final amended budget. It has been restructured in order to conform to the structure of the actual data, which is presented in a form to provide the greatest economic meaning to the data. All appropriations lapse at the end of each fiscal year end.

Encumbrance accounting, under which purchase orders, contract and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City. Accordingly, encumbrances outstanding at year end are not reported as reservations of fund balances nor do they constitute expenditures or liabilities. General accepted accounting principles do not require encumbrance accounting.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

A summary of the City's deposits and investments at June 30, 2021 follows:

Account Balances		
Petty cash	$	1,387
Demand deposits		7,366,506
Certificates of deposit		1,452,488
	$	8,820,381

Ownership of Funds		
Primary Government		
Governmental funds -		
Cash and cash equivalents	$	7,077,602
Proprietary funds -		
Cash and cash equivalents		1,742,779
Total reporting entity	$	8,820,381

Custodial Credit Risk is the risk that in the event of a bank failure, the City's deposits (in excess of FDIC insurance) may not be returned to us.

Deposits:

The City's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the City's custodial banks in the City's name.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Investments:

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

Credit Risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The City has no investment policy that would further limit its investment choices from those authorized and listed in Note I. F.

B. Receivables

Receivables at June 30, 2021, consisted of taxes, accounts (billings for user charges), and intergovernmental receivables arising from services provided.

	Receivable	Allowance	Net
General Fund:			
Taxes receivable	$ 98,882	$ (6,000)	$ 92,882
Customers	203,859	(8,000)	195,859
SPLOST -			
Intergovernmental	45,735	-	45,735
TSPLOST 25% Discretionary -			
Intergovernmental	8,779	-	8,779
Total governmental activities	357,255	(14,000)	343,255
Water and Sewer -			
Customers	260,863	(39,000)	221,863
Total business-type activities	260,863	(39,000)	221,863
Total	$ 618,118	$ (53,000)	$ 565,118

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

C. Interfund Receivables and Payables

A summary of individual interfund receivable and payable balances at June 30, 2021 follows:

	Payable to:		
Payable from:	General Fund	TSPLOST 25% Discretionary	Total
General fund	$ -	$ 2,350	$ 2,350
Water and Sewer fund	$ 374,695	$ -	$ 374,695
Total	$ 374,695	$ 2,350	$ 377,045

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made between funds which the City expects to collect in subsequent years.

The amounts payable to the general fund relate to working capital loans made to the water and sewer fund. The amounts payable from the general fund relate to TSPLOST revenues erroneously being deposited into the general fund.

D. Transfers

A summary of fund transfers for the year ended June 30, 2021 follows:

	Transfer In (Out)				
Fund	General Fund	SPLOST	CDBG	Grant Fund	Water and Sewer
SPLOST	$ -	$ (103,448)	$ -	$ -	$ 103,448
CDBG	-	-	(86,052)	-	86,052
Grant fund	354,491	-	-	(354,491)	-
Water and Sewer	26,680	-	-	-	(26,680)
	$ 381,171	$ (103,448)	$ (86,052)	$ (354,491)	$ 162,820

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the funds to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to segregate money for anticipated capital projects.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

E. Capital Assets

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

Governmental Activities:	Balance 6/30/2020	Additions	Retirements	Balance 6/30/2021
Capital assets, not being depreciated -				
Land	$ 65,257	$ -	$ -	$ 65,257
Construction in progress	343,083	-	(330,083)	13,000
Total capital assets not being depreciated	408,340	-	(330,083)	78,257
Capital assets, being depreciated:				
Buildings and improvements	2,090,356	-	179,738	2,270,094
Machinery and equipment	3,010,044	1,282,768	-	4,292,812
Infrastructure	2,570,660	193,870	150,345	2,914,875
Total capital assets being depreciated	7,671,060	1,476,638	330,083	9,477,781
Less accumulated depreciation for:				
Buildings and improvements	847,112	61,281	-	908,393
Machinery and equipment	2,679,099	161,870	-	2,840,969
Infrastructure	773,735	191,933	-	965,668
Total accumulated depreciation	4,299,946	415,084	-	4,715,030
Total capital assets, being depreciated, net	3,371,114	1,061,554	330,083	4,762,751
Governmental activities capital assets, net	$ 3,779,454	$ 1,061,554	$ -	$ 4,841,008
Business-type Activities:				
Capital assets, not being depreciated -				
Land	$ 525,656	$ -	$ -	$ 525,656
Construction in progress	2,531,938	309,791	-	2,841,729
Total capital assets not being depreciated	3,057,594	309,791	-	3,367,385
Capital assets, being depreciated:				
Buildings and plant	16,159,074	69,698	-	16,228,772
Machinery and equipment	623,665	-	(52,009)	571,656
Total capital assets being depreciated	16,782,739	69,698	(52,009)	16,800,428
Less accumulated depreciation for:				
Buildings and improvements	8,498,690	373,117	-	8,871,807
Machinery and equipment	598,846	6,335	(52,009)	553,172
Total accumulated depreciation	9,097,536	379,452	(52,009)	9,424,979
Total capital assets, being depreciated, net	7,685,203	(309,754)	-	7,375,449
Business-type activities capital assets, net	$ 10,742,797	$ 37	$ -	$ 10,742,834

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Depreciation expense was charged to functions / programs as follows:

Governmental Activities:	
General government and administration	$ 17,179
Public safety	151,992
Public works	245,913
Total depreciation expense - governmental activities	$ 415,084
Business-type Activities -	
Water and sewer	$ 379,452
Total depreciation expense - business-type activities	$ 379,452

F. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended June 30, 2021:

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Current Portion	Long-term Portion
Governmental activities:						
USDA #97-05	$ 864,697	$ -	$ (27,397)	$ 837,300	$ 28,330	$ 808,970
USDA #97-06	263,729	-	(8,278)	255,451	8,573	246,878
USDA #97-07	86,549	-	(26,179)	60,370	26,915	33,455
Governmental activities - long-term liabilities	$ 1,214,975	$ -	$ (61,854)	$ 1,153,121	$ 63,818	$ 1,089,303
Business-type activities:						
Series 1983 revenue bonds	130,000	-	(40,000)	90,000	45,000	45,000
Series 1996 revenue bonds	178,977	-	(8,139)	170,838	8,132	162,706
GEFA note 99-L95WJA	889,887	-	(69,303)	820,584	142,774	677,810
GEFA note 99-L95WJ	110,357	-	(43,411)	66,946	66,946	-
GEFA note 2014L24WQ	1,408,567	-	(31,724)	1,376,843	64,464	1,312,379
GEFA note DW2016018	1,381,610	165,026	-	1,546,636	-	1,546,636
Business-type Activities - long-term liabilities	$ 4,099,398	$ 165,026	$ (192,577)	$ 4,071,847	$ 327,316	$ 3,744,531

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

USDA #97-05

During fiscal year 2012 the City obtained a loan from the U.S. Department of Agriculture (USDA) for the purpose of purchasing and renovating a building for use by the public safety departments in the amount of $1,037,500. As of June 30, 2013, $980,727 of the available loan has been disbursed to the City. The loan calls for an interest only payment due May 21, 2013 followed by monthly installments of $4,680 beginning June 21, 2013 at 3.375% per annum. The final payment is scheduled for May 21, 2042.

The annual requirements to amortize the remaining balance as of June 30, 2021, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2022	$ 28,330	$ 27,830	$ 56,160
2023	29,302	26,858	56,160
2024	30,306	25,854	56,160
2025	31,345	24,815	56,160
2026	32,419	23,741	56,160
2027-2031	179,545	101,255	280,800
2032-2036	212,500	68,300	280,800
2037-2041	251,503	29,297	280,800
2042	42,050	790	42,840
	$ 837,300	$ 328,740	$ 1,166,040

USDA #97-06

During fiscal year 2012 the City obtained a loan from the U.S. Department of Agriculture (USDA) for the purpose of purchasing and renovating a building for use by the public safety departments in the amount of $315,000. The loan calls for an interest only payment due May 21, 2013 followed by monthly installments of $1,421 beginning June 21, 2013 at 3.375% per annum. The final payment is scheduled for May 21, 2042.

The annual requirements to amortize the remaining balance as of June 30, 2021, including interest payments are as follows:

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Year Ending June 30,	Principal	Interest	Total Payment
2022	$ 8,573	$ 8,479	$ 17,052
2023	8,867	8,185	17,052
2024	9,171	7,881	17,052
2025	9,485	7,567	17,052
2026	9,811	7,241	17,052
2027-2031	54,333	30,927	85,260
2032-2036	64,306	20,954	85,260
2037-2041	76,109	9,151	85,260
2042	14,796	183	14,979
	$ 255,451	$ 100,568	$ 356,019

USDA #97-07

During fiscal year 2013 the City obtained a loan from the U.S. Department of Agriculture (USDA) for the purpose of purchasing a fire truck and equipment for use by the fire department in the amount of $244,400. The loan calls for monthly installments of $2,376 beginning December 13, 2013 at 3.125% per annum. The final payment is scheduled for November 13, 2023.

The annual requirements to amortize the remaining balance as of June 30, 2021, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2022	$ 26,915	$ 1,597	$ 28,512
2023	27,730	782	28,512
2024	5,725	1,090	6,815
	$ 60,370	$ 3,469	$ 63,839

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Revenue Bonds Payable

Water and Sewer Revenue Bonds, Series 1983 and 1996 - The City issued fixed rate revenue bonds to provide funds to acquire, construct, and equip extensions of and additions and improvements to the City's water and sewer system. The revenues of the Water and Sewer Fund are pledged to secure these outstanding bonds

Revenue bonds payable at June 30, 2021, are comprised of the following individual issues:

Series 1983 - $840,000 water and sewer bonds due in annual installments through December 1, 2022; interest at 5.00%.

The annual requirements to amortize the Series 1983 outstanding revenue bonds as of June 30, 2021, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2022	$ 45,000	$ 4,500	$ 49,500
2023	45,000	2,250	47,250
Total	$ 90,000	$ 6,750	$ 96,750

Series 1996 - $263,624 water and sewer bonds due in monthly installments of $1,427 through August 14, 2036; interest at 5.125%.

The annual requirements to amortize the Series 1996 outstanding revenue bonds as of June 30, 2021, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2022	$ 8,132	$ 8,992	$ 17,124
2023	8,559	8,565	17,124
2024	9,008	8,116	17,124
2025	9,480	7,644	17,124
2026	9,978	7,146	17,124
2027-2031	58,314	27,306	85,620
2032-2036	67,367	10,316	77,683
Total	$ 170,838	$ 78,085	$ 248,923

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Note Payable – GEFA #99-L95WJA

During fiscal year 2006 the City was awarded a loan from the Georgia Environmental Facilities Authority (GEFA) for the purpose of making water and wastewater system improvements in the amount of $2,362,423. The loan calls for quarterly installments of $43,757 beginning April 1, 2006 at 4.19% per annum. The final payment is scheduled for January 1, 2026.

The annual requirements to amortize the remaining balance as of June 30, 2021, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2022	$ 142,774	$ 32,255	$ 175,029
2023	148,950	26,080	175,030
2024	155,289	19,740	175,029
2025	161,899	13,131	175,030
2026	168,790	6,240	175,030
2027	42,882	449	43,331
	$ 820,584	$ 97,895	$ 918,479

Note Payable – GEFA #99-L95WJ

During fiscal year 2002 the City was awarded a loan from the Georgia Environmental Facilities Authority (GEFA) for the purpose of making water and wastewater system improvements in the amount of $1,173,113. The loan calls for quarterly installments of $22,753 beginning February 1, 2003 at 4.24% per annum. The final payment is scheduled for August 1, 2021.

The annual requirements to amortize the remaining balance as of June 30, 2021, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2022	$ 66,946	$ 1,433	$ 68,379

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Note Payable – GEFA #2014L24WQ

During fiscal year 2018 the City was awarded a loan from the Georgia Environmental Facilities Authority (GEFA) for the purpose of making water and wastewater system improvements in the amount of $1,802,616. As of June 30, 2021 $1,584,352 had been borrowed. The loan calls for monthly installments of $8,784 beginning July 1, 2018 at 3.03% per annum. The final payment is scheduled for July 1, 2037.

The annual requirements to amortize the remaining balance as of June 30, 2021, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2022	$ 64,464	$ 40,944	$ 105,408
2023	66,562	38,846	105,408
2024	68,607	36,801	105,408
2025	70,715	34,693	105,408
2026	72,888	32,520	105,408
2027-2031	399,438	127,602	527,040
2032-2036	464,690	62,350	527,040
2037-2038	169,479	4,489	173,968
	$ 1,376,843	$ 378,245	$ 1,755,088

Note Payable – GEFA #2014L24WQ

During fiscal year 2021 the City was awarded a loan from the Georgia Environmental Facilities Authority (GEFA) for the purpose of making water and wastewater system improvements in the amount of $2,303,252. As of June 30, 2021 $1,546,636 had been borrowed. Interest only payments will be required until all funds have been received and an amortization schedule will be established at that time.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

G. Fund Equity

Fund Balances:

- ***Nonspendable*** – The following fund balances are nonspendable because they are allocated to:

General fund –	
Prepaids	$ 61,000

- ***Restricted*** – The following fund balances are restricted for:

Capital Projects Funds -	
SPLOST –	
used to account for capital projects financed with SPLOST	$ 2,340,595
Transportation SPLOST –	
used to account for capital projects financed with TSPLOST	84,288
TSPLOST 25% Discretionary –	
used to account for capital projects financed with TSPLOST	492,811
Grant Fund – accounts for various grants to finance capital projects	115,776
Special Revenue Funds -	
CDBG Revolving Loan Fund –	
used to account for CDBG Redevelopment Funds received as part of the City's redevelopment and revitalization projects	161,767
	$ 3,195,237

- ***Assigned*** – The following fund balances are assigned to:

General fund –	
to be used for capital outlay purposes of the City	$ 600,000

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Net Position:

Net investment in capital assets reported on the government-wide statement of position as of June 30, 2021 are as follows:

	Governmental Activities	Business-Type Activities
Net investment in capital assets		
Cost of capital assets	$ 9,556,038	$ 20,167,813
Less accumulated depreciation	(4,715,030)	(9,424,979)
Book value	4,841,008	10,742,834
Less capital related debt	(1,153,121)	(4,071,847)
Net investment in capital assets	$ 3,687,887	$ 6,670,987

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2021, the City was covered by general liability insurance through Trident Insurance Services. The City was also covered by worker's compensation insurance through Lion Insurance Company.

B. Contingencies and Other

Grant contingencies - The City has received Federal and state grant monies for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will not be significant.

Other contingencies and pending litigation - Certain claims, suits, and complaints arising in the ordinary course of operations have been filed or are pending against the City. In the opinion of the City's management, all such matters are adequately covered by insurance, or if not so covered are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the City if disposed of unfavorably.

IV. OTHER INFORMATION

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an on-going financial responsibility. The City participates in the following joint venture:

Heart of Georgia Altamaha Regional Commission – Under Georgia law, the City, in conjunction with other cities and counties in the region, is a member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2021, the City paid $8,623 in such dues. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC of Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Commission
5405 Oak Street
Eastman, Georgia 31023

D. Hotel Motel Lodging Tax

The City has levied a 5% hotel motel tax under the provisions of O.C.G.A. 48-13-51. The code section provides that the City shall expend for the purpose of promoting tourism, conventions, and trade shows a percentage of the total taxes collected under this code section which is not less than the percentage of such tax collections expended for such purposes during the immediately preceding fiscal year. During the year ended June 30, 2021, the City received $19,859 in hotel motel taxes. The City distributes 40% of the tax receipts to the Pioneer Arts and Historical Society of Telfair County, Georgia on a quarterly basis and expends the remaining 60% for general government purposes. For the year ended June 30, 2021, the City has complied with the expenditures requirements of code section 48-13-51.

E. Retiree Life Insurance Program

The City offers its retired employees $10,000 of term life insurance through the Georgia Municipal Association. The life insurance is a continuation of the insurance provided with health insurance for current employees. The benefit provisions and obligation to contribute are established by approval of the City. Once an active employee retires, the City begins to pay the premium to continue the life insurance for each retired employee. The only employee requirement for insurance coverage is to be a current City employee when retiring. The City has the right to establish and amend the benefit provisions of the plan. The current charges for each employee is $3.50 per month, per year. The City expenses the payment within the department the former employee worked. The City has not adopted GASB Statement No. 75 relating to its OPEB as it is deemed immaterial to the financial statements taken as a whole.

IV. OTHER INFORMATION

F. Peace Officers' Annuity and Benefit Fund

The police officers are covered under a pension plan, which requires that a certain percentage of fines be remitted on a monthly basis to the pension plan before the payment of any costs or other claims. The Fund's GASB Statement No. 68 Schedules may be obtained by writing to Peace Officers' Annuity & Benefit Fund of Georgia , P.O. Box 56, Griffin, Georgia 30224.

G. Pension Plan

Plan Description

The City of McRae Helena contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as an investment and administrative agent for cities and municipalities in Georgia. The City has the right to establish and amend the benefit provisions of the plan. These amendments become effective once approved by the Board of Trustees of GMEBS. The plan is a defined benefit plan.

All full-time employees of the City are eligible to participate after being employed for one year working at least 30 hours per week. Benefits fully vest after five (5) years of service. Employees who retire at or after age sixty-five (65) with five (5) years of credited service or after attainment of age fifty-five (55) with ten (10) years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to a percentage of their average monthly earnings as defined in the plan for each year of credit service. The system also provides death and disability benefits. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street-SW, Atlanta, Georgia 30303.

Current membership in the GMEBS is comprised of the following:

Valuation date	1/1/2021
Retired participants and beneficiaries	52
Participants inactive with vested rights	30
Participants active:	
Fully vested	30
Not vested	9
Total	121

IV. OTHER INFORMATION

Contributions

The City is required to contribute based on actuarial funding policy. The annual recommended contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). These amortization periods, if applicable, are closed for this plan year. The inflation rate assumption for the City of McRae-Helena, Georgia is assumed to be the same rate as the current year cost of living adjustments. Plan provisions and contribution requirements are established by state statute and may be amended by the State. Employees are not required to contribute to the fund. Fiscal year 2020 contributions represented 11.71% of covered payroll. 2021 information will be determined after fiscal year end and will be included in the 2022 valuation report.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25% plus service based merit increases
Investment rate of return	7.375%

Mortality Rates:
Healthy retirees and beneficiaries: Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
Disabled participants: Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
Active participants, terminated vested participants, and deferred beneficiaries: Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
Plan termination basis (all lives): 1994 Group Annuity Reserving Unisex Table.

The mortality tables (other than the one used for the plan termination basis) are projected generationally from 2012 to future years using 60% of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative.

IV. OTHER INFORMATION

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 the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.41%
International equity	20%	6.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Domestic fixed income	20%	1.96%
Cash	0%	
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.375 %. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate. 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 periods of projected benefit payments to determine the total pension liability.

The changes in the net pension liability follows:

IV. OTHER INFORMATION

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at prior measurement date	$ 4,253,946	$ 3,024,460	$ 1,229,486
Changes for the year:			
Service cost	$ 56,367	$ -	$ 56,367
Interest	308,692	-	308,692
Differences between expected and actual experience	19,804	-	19,804
Contributions - employer	-	178,680	(178,680)
Net investment income	-	287,300	(287,300)
Benefit payments	(249,317)	(249,317)	-
Administrative expense	-	(15,208)	15,208
Other	-	-	-
Net changes	$ 135,546	$ 201,455	$ (65,909)
Balances at September 30, 2018	$ 4,389,492	$ 3,225,915	$ 1,163,577

Sensitivity of the net pension liability changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability 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 rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 1,712,537	$ 1,163,577	$ 706,536

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the City recognized pension expense of $162,082. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

IV. OTHER INFORMATION

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,652	$ -
Changes of assumptions	37,212	-
Net difference between projected and actual earnings on pension plan investments	-	(36,422)
Employer contributions subsequent to the measurement date	146,862	-
Total	$ 207,726	$ (36,422)

The City's contributions subsequent to the measurement date of $146,862 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Amount
2022	$ 17,563
2023	6,597
2024	13,764
2025	(13,482)

H. Subsequent Events

The City assessed events that have occurred subsequent to June 30, 2021 through December 13, 2021 for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the component unit financial statements which were issued on December 13, 2021.

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year End									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total pension liability										
Service cost	$ 56,367	$ 60,833	$ 60,059	$ 64,778	$ 75,595	$ 48,691	$ 86,501			
Interest	308,692	295,500	287,881	275,767	274,766	152,821	251,798			
Differences between expected and actual experience	19,804	31,350	144	76,034	(102,695)	(43,726)	123,059	(Historical information prior to implementation of GASB 67/68 is not required)		
Changes of assumptions	-	-	-	-	-	-	2,326			
Changes of benefit terms	-	-	-	-	-	26,667	-			
Other changes	-	111,635	-	44,896	-	-	-			
Benefit payments, including refunds of employee contributions	(249,317)	(249,066)	(245,479)	(237,333)	(232,163)	(129,446)	(212,487)			
Net change in total pension liability	135,546	250,252	102,605	224,142	15,503	55,007	251,197	-	-	-
Total pension liability - beginning	4,253,946	4,003,694	3,901,089	3,676,947	3,661,444	3,606,437	3,355,240			
Total pension liability - ending (a)	$ 4,389,492	$ 4,253,946	$ 4,003,694	$ 3,901,089	$ 3,676,947	$ 3,661,444	$ 3,606,437	$ -	$ -	$ -
Plan fiduciary net position										
Contributions - employer	$ 178,680	$ 176,859	$ 168,330	$ 180,284	$ 191,511	$ 107,793	$ 175,546			
Contributions - employee	-	-	-	-	-	-	-			
Net investment income	287,300	87,326	278,294	377,182	258,173	(109,550)	224,327	(Historical information prior to implementation of GASB 67/68 is not required)		
Benefit payments, including refunds of employee contributions	(249,317)	(249,066)	(245,479)	(237,333)	(232,163)	(129,446)	(212,487)			
Administrative expense	(15,208)	(15,013)	(16,135)	(17,372)	(12,497)	(9,160)	(12,350)			
Other	-	-	-	-	-	-	-			
Net change in fiduciary net position	201,455	106	185,010	302,761	205,024	(140,363)	175,036	-	-	-
Plan fiduciary net position - beginning	3,024,460	3,024,354	2,839,344	2,536,583	2,331,559	2,471,922	2,296,886			
Plan fiduciary net position - ending (b)	$ 3,225,915	$ 3,024,460	$ 3,024,354	$ 2,839,344	$ 2,536,583	$ 2,331,559	$ 2,471,922	$ -	$ -	$ -
Net pension liability - ending: (a)-(b)	$ 1,163,577	$ 1,229,486	$ 979,340	$ 1,061,745	$ 1,140,364	$ 1,329,885	$ 1,134,515	$ -	$ -	$ -
Plan's fiduciary net position as a percentage of the total pension liability	73.49%	71.10%	75.54%	72.78%	68.99%	63.68%	68.54%	(Historical information prior to implementation of GASB 67/68 is not required)		
Covered-employee payroll	$ 1,456,361	$ 1,477,319	$ 1,514,194	$ 1,535,118	$ 1,497,152	$ 1,734,016	$ 1,753,409			
Net pension liability as a percentage of covered-employee payroll	79.90%	83.22%	64.68%	69.16%	76.17%	76.69%	64.70%			

Refer to Notes To Required Supplementary Information

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF CONTRIBUTIONS

	Fiscal Year End									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	*	$ 172,968	$ 178,156	$ 165,055	$ 185,360	$ 192,688	$ 185,360			
Contributions in relation to the actuarially determined contribution	*	$ 172,968	$ 178,156	$ 165,055	$ 185,360	$ 192,688	$ 185,360			
Contribution deficiency (excess)	*	$ -	$ -	$ -	$ -	$ -	$ -	(Historical information prior to implementation of GASB 67/68 is not required)		
Covered-employee payroll	*	$ 1,477,319	$ 1,514,194	$ 1,535,118	$ 1,497,152	$ 1,734,016	$ 1,535,118			
Contributions as a percentage of covered-employee payroll	*	11.71%	11.77%	10.75%	12.38%	11.11%	12.07%			

* 2021 information will be determined after fiscal year end and will be included in the 2022 valuation report.

Refer to Notes To Required Supplementary Information

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Over (Under)
REVENUES				
Taxes	$ 2,749,800	$ 2,949,800	$ 2,957,162	$ 7,362
Charges for services	493,465	493,465	501,586	8,121
Licenses and permits	63,150	63,150	44,200	(18,950)
Intergovernmental	-	129,000	128,900	(100)
Fines and forfeitures	220,000	220,000	131,852	(88,148)
Interest income	17,000	17,000	22,412	5,412
Other income	62,800	62,800	53,182	(9,618)
Total revenues	3,606,215	3,935,215	3,839,294	(95,921)
EXPENDITURES				
Current:				
General government:				
Legislative	43,883	43,883	28,997	(14,886)
Executive	267,604	267,604	251,409	(16,195)
Elections	200	200	-	(200)
General administration	301,864	301,864	287,412	(14,452)
Judicial	43,987	43,987	37,338	(6,649)
	657,538	657,538	605,156	(52,382)
Public safety:				
Public safety facility	69,395	69,395	67,994	(1,401)
Police	1,063,781	1,023,781	1,015,132	(8,649)
Fire	433,827	404,757	403,547	(1,210)
Other protection	7,600	7,670	5,352	(2,318)
	1,574,603	1,505,603	1,492,025	(13,578)
Public works:				
Public works administration	90,841	98,841	98,137	(704)
Highways and streets	385,131	295,131	292,825	(2,306)
Solid waste and recycling	636,402	614,052	611,791	(2,261)
Maintenance and shop	2,150	2,500	2,242	(258)
Cemetery	26,000	26,500	26,100	(400)
	1,140,524	1,037,024	1,031,095	(5,929)

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Over (Under)
Health and welfare:				
Health	9,472	9,472	1,264	(8,208)
	9,472	9,472	1,264	(8,208)
Culture and recreation:				
Recreation	45,159	46,159	45,763	(396)
Library	9,800	9,800	9,800	-
	54,959	55,959	55,563	(396)
Housing and development:				
Planning and zoning	12,500	2,000	851	(1,149)
Code enforcement	43,193	5,193	3,586	(1,607)
Economic development and assistance	11,700	11,700	5,700	(6,000)
	67,393	18,893	10,137	(8,756)
Debt service:				
Principal	61,854	61,854	61,854	-
Interest	39,872	39,872	39,871	(1)
	101,726	101,726	101,725	(1)
Capital outlay:				
Public safety	-	42,000	41,462	(538)
Public works	-	507,000	505,458	(1,542)
	-	549,000	546,920	(2,080)
Total expenditures	3,606,215	3,935,215	3,843,885	(91,330)
Excess of revenues over expenditures	-	-	(4,591)	(4,591)
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	-	-	381,171	381,171
Total other financing sources (uses)	-	-	381,171	381,171
Net change in fund balances	$ -	$ -	376,580	$ 376,580
Fund balances, beginning			4,125,480	
Fund balances, ending			$ 4,502,060	

See Independent Auditor's Report.

PENSION

1. Changes of Assumptions

Amounts reported for fiscal years ending in 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

• The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
• The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
• The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex distinct RP-2000 Combined Healthy Mortality Table, set forward Iwo years in age for males and one year for females to the sex distinct Pri-201 2 head-count weighted Employee Mortality Table.
• Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct rates under the 2019 OASDI Trustees Report used for the intermediate alternative. Previously future mortality improvements were not explicitly projected.
• The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.
• The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.
• Where normal retirement is available to a given participant at age 62. 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.
• Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.
• The inflation assumption was decreased from 2.75% to 2.25%.
• The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.
• The investment return assumption was decreased from 7.50% to 7.375%.

2. Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rate was determined as of January 1, 2021, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2021.

Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial assumptions:	
Net investment rate of return	7.375%
Projected salary increases	2.25% plus service based merit increases
Cost of living adjustments	0.00%
Inflation rate	2.25%

BUDGET

1. Budgetary Policy

The budget is prepared by City management using generally accepted accounting principles. The budget is then adopted by ordinance of the City Council, as required by generally accepted accounting principles.

The level of budgetary control (the level at which expenditures may not exceed appropriations) is at the department level with the following provisions:

- The City Administrator may transfer funds from one object or purpose to another within the same department.
- The City council may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

CITY OF MCRAE-HELENA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue				Capital Projects	Total
	CDBG Revolving Loan Fund	TSPLOST 25% Discretionary	Hotel Motel Tax Fund	CDBG	Transportation SPLOST	Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	$ 161,767	$ 481,682	$ -	$ -	$ 84,288	$ 727,737
Other receivables	-	8,779	-	-	-	8,779
Due from other funds	-	2,350	-	-	-	2,350
Total assets	$ 161,767	$ 492,811	$ -	$ -	$ 84,288	$ 738,866
LIABILITIES	$ -	$ -	$ -	$ -	$ -	$ -
FUND BALANCES						
Restricted:						
Capital projects	-	492,811	-	-	84,288	577,099
Redevelopment	161,767	-	-	-	-	161,767
Total fund balances	161,767	492,811	-	-	84,288	738,866
Total liabilities and fund balances	$ 161,767	$ 492,811	$ -	$ -	$ 84,288	$ 738,866

CITY OF MCRAE-HELENA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue			Capital Projects		Total
	CDBG Revolving Loan Fund	TSPLOST 25% Discretionary	Hotel Motel Tax Fund	CDBG	Transportation SPLOST	Nonmajor Governmental Funds
REVENUES						
Intergovernmental	$ -	$ 104,953	$ -	$ 86,052	$ -	$ 191,005
Taxes	-	-	19,859	-	-	19,859
Interest income	323	1,021	-	-	-	1,344
Total revenues	323	105,974	19,859	86,052	-	212,208
EXPENDITURES						
Current:						
General government	-	-	14,755	-	-	14,755
Housing and development	-	329	5,104	-	-	5,433
Total expenditures	-	329	19,859	-	-	20,188
Excess of revenues over expenditures	323	105,645	-	86,052	-	192,020
OTHER FINANCING SOURCES (USES)						
Transfer in (out)	-	-	-	(86,052)	-	(86,052)
Total other financing sources (uses)	-	-	-	(86,052)	-	(86,052)
Net change in fund balances	323	105,645	-	-	-	105,968
Fund balances - beginning	161,444	387,166	-	-	84,288	632,898
Fund balances - ending	$ 161,767	$ 492,811	$ -	$ -	$ 84,288	$ 738,866

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2021

Project Description Per SPLOST Referendum	Original Estimated Cost	Amended Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2009 SPLOST:						
City of McRae, Georgia						
Streets	$ 303,200	$ 239,824	$ 239,824	$ -	$ 239,824	79.10%
Downtown revitalization	303,200	244,934	244,934	-	244,934	80.78%
Water and sewer	303,200	367,035	311,999	6,616	318,615	105.08%
	$ 909,600	$ 851,793	$ 796,757	$ 6,616	$ 803,373	
City of Helena, Georgia						
Streets			$ 323,315	$ -	$ 323,315	
Water and sewer			426,211	10,922	437,133	
	$ 782,400	$ 761,185	$ 749,526	$ 10,922	$ 760,448	97.19%
2014 SPLOST:						
City of McRae, Georgia						
Water and sewer	$ 463,868	$ 463,868	$ -	$ -	$ -	0.00%
Roads, streets and bridges	309,244	309,244	83,852	102,425	186,277	60.24%
Downtown revitalization	309,244	309,244	-	-	-	0.00%
City buildings	309,244	309,244	200,433	-	200,433	64.81%
	$ 1,391,600	$ 1,391,600	$ 284,285	$ 102,425	$ 386,710	

See Independent Auditor's Report.

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2021

Project Description Per SPLOST Referendum	Original Estimated Cost	Amended Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
City of Helena, Georgia						
Construction and furnishing new City Hall; Acquisition of law enforcement vehicles	$ 400,000	$ 400,000	$ 245,330	$ 231	$ 245,561	61.39%
Improvements; Acquisition of roads and street equipment and buildings	100,000	100,000	-	36,487	36,487	36.49%
Water/sewer improvements; Vehicles, equipment and buildings for public works	198,800	198,800	-	-	-	0.00%
	$ 698,800	$ 698,800	$ 245,330	$ 36,718	$ 282,048	
2019 SPLOST:						
City of McRae Helena, Georgia						
General Obligation Bond, New City Hall	$ 1,500,000	$ 1,500,000	$ -	$ -	$ -	0.00%
Police equipment	600,000	600,000	-	-	-	0.00%
Road repairs and equipment	300,000	300,000	-	33,603	33,603	11.20%
Water & sewer repairs and equipment	300,000	300,000	-	86,638	86,638	28.88%
Renovations and improvements of downtown	300,000	300,000	2,000	-	2,000	0.67%
	$ 3,000,000	$ 3,000,000	$ 2,000	$ 120,241	$ 122,241	

See Independent Auditor's Report.

CITY OF MCRAE-HELENA, GEORGIA
CDBG CAPITAL PROJECTS FUND
PROJECT COST SCHEDULE
SOURCE AND APPLICATION OF FUNDS SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

PROJECT COST SCHEDULE

Program Activity	Activity No.	Latest Approved Budget CDBG Funds	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Variance
Grant No. 18p-x-134-2-6014						
Water lines	P-03J-01	$ 750,000	$ 618,414	$ 86,052	$ 704,466	$ 45,534
		$ 750,000	$ 618,414	$ 86,052	$ 704,466	$ 45,534

SOURCE AND APPLICATION OF FUNDS SCHEDULE

Total fiscal year 2018 CDBG funds awarded to recipient:	$ 750,000
Total amount drawndown by recipient from DCA (cumulative):	$ 704,466
Less: CDBG funds expended by recipient (cumulative):	(704,466)
Amount of fiscal year 2018 CDBG funds held by recipient at year end:	$ -

See Independent Auditor's Report.

II. REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

Milton CPA Services, LLC
49 West Oak Street
McRae Helena, GA
31055

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, City Council and Management
City of McRae-Helena, 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 McRae-Helena, Georgia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of McRae-Helena, Georgia's basic financial statements, and have issued our report thereon dated December 13, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-1that we consider to be a significant deficiency.

Compliance and Other Matters

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

City of McRae-Helena, Georgia's Response to Findings

City of McRae-Helena, Georgia's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of McRae-Helena, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Milton CPA Services, LLC

McRae-Helena, Georgia

December 13, 2021

Milton CPA Services, LLC
49 West Oak Street
McRae Helena, GA
31055

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor, City Council and Management
City of McRae-Helena, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of McRae-Helena, Georgia's (City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirement of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of McRae-Helena, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Milton CPA Services, LLC

McRae-Helena, Georgia

December 13, 2021

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditor's Results

Financial Statements:

Type of report issued on the financial statements -	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified?	No
Type of auditor's report issued on compliance for major federal programs-	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

The City's major programs:

United States Environmental Protection Agency		
Passed through Georgia Department of Public Health-		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	$ 1,349,812

Dollar threshold used to distinguish between Type A and Type B Programs:	$750,000
The Center qualifies as a low-risk auditee?	No

Section II – Significant Deficiencies and Findings Relating to the Financial Statements:

2021-1 Lack of segregation of duties

Criteria:

Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel.

Condition:

The City is a small local government and has a limited amount of resources and employees. Therefore, the City does not have an adequate number of employees to provide for the proper segregation of duties.

Cause of Condition:

Since the City is a small local government, it is not financially feasible for the City to hire additional employees to provide for an adequate segregation of duties.

Effect of Condition:

The City's internal control structure does not contain adequate safeguarding controls provided by segregation of duties that would provide for the prevention or timely detection of unauthorized transactions and unauthorized access to assets that could result in losses that are material to the financial statements.

Response of Management:

Management concurs with the finding and is continually working to improve controls to mitigate the risks associated with this condition. We realize that with limited personnel adequate segregation of duties is not possible. Therefore, to mitigate this we exercise alert supervision over all employees.

Section III – Significant Deficiencies and Findings Relating to the Federal Awards:

Significant deficiencies effecting federal awards addressed previously –

None reported

Findings effecting federal awards addressed previously –

None reported

Section IV – Prior Year Findings and Significant Deficiencies:

Prior Year Findings – None reported.

Prior Year Significant Deficiencies – The current year significant deficiency 2021-1 was a significant deficiency in the prior year. The June 30, 2020 report contained no other significant deficiencies.

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

	CFDA Number	State Pass-through or Grant No.	Federal Expenditures
PROGRAMS			
Passed through the Georgia Environmental Finance Authority -			
United States Environmental Protection Agency			
Capitalization Grants for Drinking Water State Revolving Funds	66.468		$ 1,349,812
Passed through the State of Georgia:			
United States Department of Housing and Urban Development			
Community Development Block Grant	14.218	18p-x-134-2-6014	86,052
United States Department of the Treasury			
Coronavirus Relief Fund	21.019		433,282
United States Department of Homeland Security			
Assistance to Firefighters Grant	97.044		666,667
Total programs			$ 2,535,813

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. General

The Schedule of Expenditures of Federal Awards presented above includes the activity of all federal financial assistance programs City of McRae Helena, Georgia. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

2. Basis of Accounting

The above Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in note 1.C. to the City's financial statements.

3 Federal Loan

The City was approved by the Georgia Environmental Finance Authority to receive a loan totaling $2,326,000 for water and wastewater system improvements. The amount listed for this loan includes the federal proceeds used during the year and the outstanding federal loan balance from prior years.

Both the current and prior year federal loan proceeds are also reported on the City's long-term obligations.

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