

**CITY OF FLOVILLA, GEORGIA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2019**

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**FINANCIAL REPORT**  
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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the **City of Flovilla, Georgia** (the "City"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

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**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, and each major fund of the City as of December 31, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and the Sanitation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") (on pages 4 through 9) 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 ("GASB"), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
May 18, 2020

# CITY OF FLOVILLA, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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This discussion and analysis of the City of Flovilla's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2019. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

### FINANCIAL HIGHLIGHTS

- In the Statement of Net Position, the assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$2,093,921. Unrestricted net position was approximately \$377,165.
- The City's total net position increased by \$53,151 for governmental activities and increased by \$329,852 for business-type activities.
- Total net position is comprised of the following:
  - Net investment in capital assets of \$1,336,756 includes property and equipment, net of accumulated depreciation, reduced by outstanding debt related to the purchase or construction of capital assets.
  - Net position restricted for capital projects, program purposes, and debt service in the amount of \$380,000.
  - Unrestricted net position of \$377,165.
- The City's governmental funds reported total ending fund balance of \$525,711. This represents a decrease of \$10,638 from prior year's balance of \$515,133.
- Unassigned fund balance of the General Fund was \$153,132 as of December 31, 2019.

### OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of two parts – *Financial Section* (which includes management's discussion and analysis, the financial statements, required supplementary information, and supplementary information) and the *Compliance Section*.

#### Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government-wide statements and fund financial statements.

**Government-Wide Financial Statements.** The financial statements include two kinds of statements that present different views of the City. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the differences between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include the governing body, financial administration, municipal court, fire department, roads and streets, and sanitation. Taxes, business licenses, building permits, and state and federal grant revenues finance most of these activities. The business-type activities is the City's water operation for which it charges its customers to provide. The government-wide financial statements can be found as listed in the table of contents.

**Fund Financial Statements.** The fund financial statements provide a more detailed look at the City's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in Georgia, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the general statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow (in and out), and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* is described in a reconciliation that is a part of the fund financial statements.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Sanitation Fund, SPLOST Fund, and CDBG Fund. The governmental fund financial statements can be found as listed in the table of contents.

Proprietary Fund – The City maintains one type of proprietary fund. Enterprise funds are used to account for operations that: a) are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise fund, a component of proprietary funds, is the same as the business-type activities we report in the government-wide statements, but they give more detailed information such as cash flow.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

**Other Information** – In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. Required supplementary information can be found as listed in the table of contents.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position as of December 31, 2019 and 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 649,242	\$ 648,100	\$ 296,795	\$ 232,124	\$ 946,037	\$ 880,224
Capital assets, net	694,443	655,180	956,550	654,332	1,650,993	1,309,512
Total assets	1,343,685	1,303,280	1,253,345	886,456	2,597,030	2,189,736
Liabilities:						
Current liabilities	134,109	132,061	71,000	77,623	205,109	209,684
Long-term liabilities	-	14,794	298,000	254,340	298,000	269,134
Total liabilities	134,109	146,855	369,000	331,963	503,109	478,818
Net Position:						
Net investment						
in capital assets	694,443	630,654	642,313	392,622	1,336,756	1,023,276
Restricted	362,001	329,663	17,999	22,476	380,000	352,139
Unrestricted	153,132	196,108	224,033	139,395	377,165	335,503
Total net position	\$ 1,209,576	\$ 1,156,425	\$ 884,345	\$ 554,493	\$ 2,093,921	\$ 1,710,918

The City's total assets of \$2,597,030 increased approximately \$407,000 from the prior year, while the City's total liabilities increased approximately \$24,000.

At the end of the current and prior fiscal year, the City was able to report positive balances in all three categories of net position.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table shows the changes in the City's net position for the years ended December 31, 2019 and 2018.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 111,768	\$ 79,034	\$ 237,731	\$ 238,945	\$ 349,499	\$ 317,979
Capital grants	347,610	166,257	15,149	30,606	362,759	196,863
General revenues:						
Taxes	310,067	283,517	-	-	310,067	283,517
Interest and investment income	83	121	45	30	128	151
Other general revenues	33,198	33,921	-	-	33,198	33,921
Total revenues	<u>802,726</u>	<u>562,850</u>	<u>252,925</u>	<u>269,581</u>	<u>1,055,651</u>	<u>832,431</u>
Expenses:						
Governing body	(69,465)	40,873	-	-	(69,465)	40,873
Financial administration	319,153	170,918	-	-	319,153	170,918
Municipal court	3,372	5,885	-	-	3,372	5,885
Fire department	75,010	54,896	-	-	75,010	54,896
Roads and streets	35,111	89,060	-	-	35,111	89,060
Sanitation	46,720	40,050	-	-	46,720	40,050
Interest on long-term debt	547	1,649	-	-	547	1,649
Water supply	-	-	262,200	256,935	262,200	256,935
Total expenses	<u>410,448</u>	<u>403,331</u>	<u>262,200</u>	<u>256,935</u>	<u>672,648</u>	<u>660,266</u>
Increase (decrease) in net position before transfers	392,278	159,519	(9,275)	12,646	383,003	172,165
Transfers	(339,127)	(124,576)	339,127	124,576	-	-
Change in net position	53,151	34,943	329,852	137,222	383,003	172,165
Net position, beginning of year	1,156,425	1,121,482	554,493	417,271	1,710,918	1,538,753
Net position, end of year	<u>\$ 1,209,576</u>	<u>\$ 1,156,425</u>	<u>\$ 884,345</u>	<u>\$ 554,493</u>	<u>\$ 2,093,921</u>	<u>\$ 1,710,918</u>

**Governmental Activities** – Revenues exceeded expenses by approximately \$53,000 in 2019 for its governmental activities. Revenues increased over the prior year by approximately \$239,000 (43%) to approximately \$803,000, due primarily to an increase in grants and taxes. Expenses increased by approximately \$7,000 (2%) to approximately \$410,000 from the prior year. Overall, governmental activities operations increased the City's net position by approximately \$53,000 in 2019.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Business-type Activities** – Revenues exceeded expenses by approximately \$330,000 in 2019 for the business-type activities. Revenues decreased by approximately \$17,000 (6%) to approximately \$253,000 from the prior year primarily due to less grant revenue. Expenses increased by approximately \$5,000 (2%) to approximately \$262,000. In addition, the governmental activities transferred approximately \$339,000 to business-type activities. Overall, business-type activities increased the City's net position by approximately \$330,000.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$515,133, a decrease of approximately \$11,000 (2%) from the prior year fund balance. The decrease in fund balance was the result of expenses of approximately \$812,000 exceeding revenues of approximately \$803,000. The changes in revenues, expenditures and other financing sources/uses are explained in further detail below.

Approximately \$153,000 (34%) of the total governmental fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is restricted for capital projects (\$288,000) and restricted for program purposes (\$74,000).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was approximately \$153,000. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund of approximately \$153,000 represents approximately 34% of total General Fund expenditures. Highlights for the General Fund were as follows:

- Total fund balance decreased by approximately \$43,000 (20%) due to expenditures of approximately \$447,000 exceeding revenues of approximately \$404,000.
- General Fund revenues increased approximately \$27,000, while expenditures increased approximately \$18,000.

In addition, the fund balances of the Sanitation Fund and SPLOST Fund increased approximately \$10,000 and \$22,000, respectively.

**Proprietary Funds** – The City's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Net position of the Water Supply Fund at the end of the year was approximately \$884,000. This was an increase of approximately \$330,000 (59%) from the prior year. Details of the activity in the Water Supply Fund are provided under Business-type Activities on the previous page.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Budgetary Highlights

The City's budget is prepared according to Georgia law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the General Fund and the Sanitation Fund. There were no significant budget amendments made during 2019.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** – The City's investment in capital assets as of December 31, 2019 and 2018, amounted to approximately \$1,651,000 and \$1,310,000 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings, improvements, park improvements, vehicles, machinery and equipment, and water systems.

The City's capital assets (net of depreciation) as of December 31, 2019 and 2018, were as follows:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 70,657	\$ 70,657	\$ 310,669	\$ 310,669	\$ 381,326	\$ 381,326
Construction in progress	-	-	477,053	153,026	477,053	153,026
Equipment and buildings	530,602	485,797	1	114	530,603	485,911
Infrastructure	93,184	98,726	168,827	190,523	262,011	289,249
<b>Total</b>	<b>\$ 694,443</b>	<b>\$ 655,180</b>	<b>\$ 956,550</b>	<b>\$ 654,332</b>	<b>\$ 1,650,993</b>	<b>\$ 1,309,512</b>

The total increase in the City's investment in capital assets for the current fiscal year was approximately \$341,000 or 26%. Major capital asset events during the current fiscal year included the following:

- Capital asset additions of approximately \$428,000, which consisted primarily of water system lines and equipment.
- Depreciation expense of approximately \$50,000 for governmental activities and approximately \$22,000 for business-type activities.

Additional information on the City's capital assets can be found in Note 4 of the notes to the financial statements.

### Long-Term Debt

As of December 31, 2019 and 2018, the City had total outstanding debt of approximately \$314,000 and \$286,000, respectively. The City's total debt as of December 31, 2019 and 2018, were as follows:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Notes payable	\$ -	\$ 24,526	\$ -	\$ -	\$ -	\$ 24,526
Revenue bonds payable	-	-	314,237	261,710	314,237	261,710
<b>Total</b>	<b>\$ -</b>	<b>\$ 24,526</b>	<b>\$ 314,237</b>	<b>\$ 261,710</b>	<b>\$ 314,237</b>	<b>\$ 286,236</b>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Additional information regarding the City's long-term obligations can be found in Note 5 in the notes to the financial statements.

### **ECONOMIC FACTORS AFFECTING THE CITY**

The U.S. Census Bureau estimates a current population growth rate of 0.7% for Butts County. While the City of Flovilla has not experienced any significant growth within the City limits, officials expect the growth in the County to spill over into the City limits within the next five years.

### **REQUESTS FOR TOWN INFORMATION**

This report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitments to public accountability. If you have any questions regarding this report, or you need additional financial information, please contact the City's mayor by writing to 308 Heard Street, Flovilla, Georgia 30216.

# CITY OF FLOVILLA, GEORGIA

## STATEMENT OF NET POSITION DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 500,770	\$ 230,902	\$ 731,672
Taxes receivable	25,080	-	25,080
Accounts receivable, net	123,392	7,238	130,630
Restricted assets, cash	-	58,655	58,655
Capital assets:			
Nondepreciable	70,657	787,722	858,379
Depreciable, net of accumulated depreciation	623,786	168,828	792,614
Total assets	1,343,685	1,253,345	2,597,030
<b>LIABILITIES</b>			
Accounts payable	134,109	6,517	140,626
Customer deposits	-	40,656	40,656
Accrued interest	-	7,590	7,590
Revenue bonds payable due within one year	-	7,820	7,820
Revenue bonds payable due in more than one year	-	124,099	124,099
Note payable due within one year	-	8,417	8,417
Note payable due in more than one year	-	173,901	173,901
Total liabilities	134,109	369,000	503,109
<b>NET POSITION</b>			
Net investment in capital assets	694,443	642,313	1,336,756
Restricted for:			
Capital projects	287,719	-	287,719
Program purposes	74,282	-	74,282
Debt service	-	17,999	17,999
Unrestricted	153,132	224,033	377,165
Total net position	\$ 1,209,576	\$ 884,345	\$ 2,093,921

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

# CITY OF FLOVILLA, GEORGIA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

<b>Functions/Programs</b>	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
<b>Governmental activities:</b>							
Governing body	\$ (69,465)	\$ 50,456	\$ -	\$ -	\$ 119,921	\$ -	\$ 119,921
Financial administration	319,153	-	-	-	(319,153)	-	(319,153)
Municipal court	3,372	4,430	-	5,500	6,558	-	6,558
Fire department	75,010	-	-	-	(75,010)	-	(75,010)
Roads and streets	35,111	-	-	342,110	306,999	-	306,999
Sanitation	46,720	56,882	-	-	10,162	-	10,162
Interest on long-term debt	547	-	-	-	(547)	-	(547)
Total governmental activities	410,448	111,768	-	347,610	48,930	-	48,930
<b>Business-type activities:</b>							
Water supply	262,200	237,731	-	15,149	-	(9,320)	(9,320)
Total business-type activities	262,200	237,731	-	15,149	-	(9,320)	(9,320)
Total primary government	\$ 672,648	\$ 349,499	\$ -	\$ 362,759	48,930	(9,320)	39,610
<b>General revenues:</b>							
Local option sales tax					248,898	-	248,898
Alcoholic beverage taxes					9,408	-	9,408
Insurance premium taxes					49,716	-	49,716
Other taxes					2,045	-	2,045
Franchise fees					33,198	-	33,198
Unrestricted investment earnings					83	45	128
Transfers					(339,127)	339,127	-
Total general revenues and transfers					4,221	339,172	343,393
Change in net position					53,151	329,852	383,003
Net position, beginning of year					1,156,425	554,493	1,710,918
Net position, end of year					\$ 1,209,576	\$ 884,345	\$ 2,093,921

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

# CITY OF FLOVILLA, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2019

	General Fund	Sanitation Fund	SPLOST Fund	CDBG Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 134,080	\$ 69,046	\$ 297,610	\$ 34	\$ 500,770
Receivables:					
Taxes	25,080	-	-	-	25,080
Accounts	-	9,077	-	114,315	123,392
Total assets	\$ 159,160	\$ 78,123	\$ 297,610	\$ 114,349	\$ 649,242
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 6,028	\$ 3,841	\$ 9,925	\$ 114,315	\$ 134,109
Total liabilities	6,028	3,841	9,925	114,315	134,109
<b>FUND BALANCES</b>					
Restricted for:					
Capital projects	-	-	287,685	34	287,719
Program purposes	-	74,282	-	-	74,282
Unassigned	153,132	-	-	-	153,132
Total fund balances	153,132	74,282	287,685	34	515,133
Total liabilities and fund balances	\$ 159,160	\$ 78,123	\$ 297,610	\$ 114,349	\$ 649,242

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

Total fund balances - total governmental funds	\$ 515,133
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	694,443
Net position of governmental activities	\$ 1,209,576

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



# CITY OF FLOVILLA, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Sanitation Fund	SPLOST Fund	CDBG Fund	Total Governmental Funds
<b>Revenues</b>					
Sales taxes	\$ 248,898	\$ -	\$ -	\$ -	\$ 248,898
Alcoholic beverage taxes	9,408	-	-	-	9,408
Insurance premium taxes	49,716	-	-	-	49,716
Other taxes	2,045	-	-	-	2,045
Franchise fees	33,198	-	-	-	33,198
Licenses and permits	2,295	-	-	-	2,295
Intergovernmental	5,500	-	115,037	220,216	340,753
Sanitation fees	-	56,882	-	-	56,882
Fines and forfeitures	4,430	-	-	-	4,430
Cemetery	1,250	-	-	-	1,250
Interest revenue	83	-	6,857	-	6,940
Other revenues	46,911	-	-	-	46,911
<b>Total revenues</b>	403,734	56,882	121,894	220,216	802,726
<b>Expenditures</b>					
Current:					
Governing body	38,605	-	24	-	38,629
Financial administration	269,539	-	-	-	269,539
Municipal court	3,372	-	-	-	3,372
Fire department	75,010	-	-	-	75,010
Roads and streets	35,111	-	-	-	35,111
Sanitation	-	46,720	-	-	46,720
Capital outlay	-	-	99,728	220,182	319,910
Debt service:					
Principal	24,526	-	-	-	24,526
Interest	547	-	-	-	547
<b>Total expenditures</b>	446,710	46,720	99,752	220,182	813,364
Net change in fund balances	(42,976)	10,162	22,142	34	(10,638)
Fund balances - beginning of year	196,108	64,120	265,543	-	525,771
Fund balances - end of year	\$ 153,132	\$ 74,282	\$ 287,685	\$ 34	\$ 515,133

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

# CITY OF FLOVILLA, GEORGIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

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

Net change in fund balances - total governmental funds. \$ (10,638)

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. This is the amount by which capital outlay (not including transfers to other funds) exceeded depreciation in the current period. 39,263

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items and represents principal payments on the City's note payable. 24,526

Change in net position - governmental activities \$ 53,151

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

# CITY OF FLOVILLA, GEORGIA

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Sales taxes	\$ 185,883	\$ 185,883	\$ 248,898	\$ 63,015
Alcoholic beverage taxes	11,008	11,008	9,408	(1,600)
Insurance premium taxes	49,716	49,716	49,716	-
Other taxes	2,500	2,500	2,045	(455)
Intergovernmental	131,000	131,000	5,500	125,500
Franchise fees	28,104	28,104	33,198	5,094
Licenses and permits	2,300	2,300	2,295	(5)
Fines and forfeitures	-	-	4,430	4,430
Cemetery	1,650	1,650	1,250	(400)
Interest revenue	90	90	83	(7)
Other revenues	24,500	24,500	46,911	22,411
Total revenues	<u>436,751</u>	<u>436,751</u>	<u>403,734</u>	<u>217,983</u>
<b>EXPENDITURES:</b>				
<b>Governing body:</b>				
Personal services/employee benefits	38,350	38,350	35,144	3,206
Purchased/contracted services	7,000	7,000	3,461	3,539
Total governing body	<u>45,350</u>	<u>45,350</u>	<u>38,605</u>	<u>6,745</u>
<b>Financial administration:</b>				
Personal services/employee benefits	54,500	54,500	51,030	3,470
Purchased/contracted services	87,185	87,185	166,601	(79,416)
Supplies	29,500	29,500	24,613	4,887
Capital outlay	-	-	27,295	(27,295)
Total financial administration	<u>171,185</u>	<u>171,185</u>	<u>269,539</u>	<u>(98,354)</u>
<b>Court:</b>				
Purchased/contracted services	-	-	2,734	(2,734)
Payments to others	-	-	638	(638)
Total court	<u>-</u>	<u>-</u>	<u>3,372</u>	<u>(3,372)</u>
<b>Fire department:</b>				
Personal services/employee benefits	9,100	9,100	9,054	46
Purchased/contracted services	48,116	48,116	63,073	(14,957)
Supplies	3,000	3,000	2,883	117
Total fire department	<u>60,216</u>	<u>60,216</u>	<u>75,010</u>	<u>(14,794)</u>
<b>Roads and streets:</b>				
Personal services/employee benefits	20,000	20,000	18,504	1,496
Purchased/contracted services	140,000	140,000	16,607	123,393
Total roads and streets	<u>160,000</u>	<u>160,000</u>	<u>35,111</u>	<u>124,889</u>
<b>Debt service:</b>				
Principal	-	-	24,526	(24,526)
Interest	-	-	547	(547)
Total debt service	<u>-</u>	<u>-</u>	<u>25,073</u>	<u>(25,073)</u>
Total expenditures	<u>436,751</u>	<u>436,751</u>	<u>446,710</u>	<u>(9,959)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(42,976)</u>	<u>208,024</u>
<b>Fund balances, beginning of year</b>	<u>196,108</u>	<u>196,108</u>	<u>196,108</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 196,108</u>	<u>\$ 196,108</u>	<u>\$ 153,132</u>	<u>\$ 208,024</u>

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

**CITY OF FLOVILLA, GEORGIA**

**SANITATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Sanitation fees	\$ 45,633	\$ 45,633	\$ 56,882	\$ 11,249
Total revenues	<u>45,633</u>	<u>45,633</u>	<u>56,882</u>	<u>11,249</u>
<b>EXPENDITURES:</b>				
Purchased/contracted services	<u>45,633</u>	<u>45,633</u>	<u>46,720</u>	<u>(1,087)</u>
Total expenditures	<u>45,633</u>	<u>45,633</u>	<u>46,720</u>	<u>(1,087)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>10,162</u>	<u>10,162</u>
Fund balances, beginning of year	<u>64,120</u>	<u>64,120</u>	<u>64,120</u>	<u>-</u>
Fund balances, end of year	<u>\$ 64,120</u>	<u>\$ 64,120</u>	<u>\$ 74,282</u>	<u>\$ 10,162</u>

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

**CITY OF FLOVILLA, GEORGIA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2019**

	<b>Water Supply Fund</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 230,902
Accounts receivable, net of allowance	7,238
Restricted cash	58,655
Total current assets	296,795
<b>NON-CURRENT ASSETS</b>	
Capital assets:	
Nondepreciable	787,722
Depreciable, net of accumulated depreciation of \$1,314,472	168,828
Total non-current assets	956,550
Total assets	\$ 1,253,345
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 6,517
Accrued interest	7,590
Customer deposits	40,656
Revenue bonds payable	7,820
Total current liabilities	62,583
<b>NON-CURRENT LIABILITIES</b>	
Revenue bonds payable	124,099
Notes payable	182,318
Total non-current liabilities	306,417
Total liabilities	\$ 369,000
<b>NET POSITION</b>	
Net investment in capital assets	\$ 642,313
Restricted for debt service	17,999
Unrestricted	224,033
Total net position	\$ 884,345

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

**CITY OF FLOVILLA, GEORGIA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Water Supply Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 221,193
Connection fees	1,920
Penalties and late fees	13,292
Miscellaneous	1,326
Total operating revenues	237,731
<b>OPERATING EXPENSES</b>	
Personnel services and benefits	90,540
Water purchase	368
Purchase/contracted services	115,262
Supplies	19,020
Depreciation	21,809
Other expenses	13,995
Total operating expenses	260,994
Operating loss	(23,263)
<b>NON-OPERATING INCOME (EXPENSE)</b>	
Intergovernmental	15,149
Interest income	45
Interest expense	(1,206)
Total non-operating income, net	13,988
Loss before capital contributions	(9,275)
<b>CAPITAL CONTRIBUTIONS</b>	
	339,127
Change in net position	329,852
<b>Net position - beginning of year</b>	554,493
<b>Net position - ending of year</b>	\$ 884,345

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

**CITY OF FLOVILLA, GEORGIA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Water Supply Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 364,485
Cash paid to suppliers	(253,437)
Net cash provided by operating activities	<u>111,048</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on bonds	(7,370)
Principal paid on notes payable	(697)
Interest paid	(1,987)
Proceeds from notes payable	90,843
Net cash provided by capital and related financing activities	<u>80,789</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	45
Net cash provided by investing activities	<u>45</u>
 Net increase in cash and cash equivalents	 191,882
<b>Cash and cash equivalents:</b>	
Beginning of year	<u>97,675</u>
End of year	<u>\$ 289,557</u>
<b>Classified as:</b>	
Cash and cash equivalents	\$ 230,902
Restricted cash	58,655
	<u>\$ 289,557</u>

**(Continued)**

**CITY OF FLOVILLA, GEORGIA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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	<u>Water Supply Fund</u>
<b>Reconciliation of operating loss to net cash provided by operating activities</b>	
Operating loss	\$ (23,263)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	21,809
Changes in assets and liabilities:	
Decrease in accounts receivable	130,181
Increase in accounts payable	(14,252)
Increase in customer deposits	(457)
Increase in due to other funds	(2,970)
Net cash provided by operating activities	<u>\$ 111,048</u>
<b>Noncash investing, capital, and financing activities</b>	
Transfer of capital assets from other funds	\$ 339,127
Net noncash investing, capital, and financing activities	<u>\$ 339,127</u>

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



# CITY OF FLOVILLA, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

The City of Flovilla was chartered by an act of the General Assembly of the State of Georgia. The City operates under a mayor-council form of government and provides general and administrative services, highways and streets, parks and recreation, sanitation, water services, and fire protection and police services through shared responsibility with Butts County, Georgia. As required by GAAP, the financial statements of the reporting entity include the accounts of all City operations and all activities of the City.

Based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement 61, *The Financial Reporting Entity: Omnibus*, the City was determined to have no component units as of December 31, 2019.

#### B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and the proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

Governmental fund 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 City 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.

Property taxes, sales taxes, franchise taxes, licenses, and investment income 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The **Sanitation Fund** accounts for monies collected from the City's citizens for garbage pickup within the city and remitted to the private entity providing this service.

The **SPLOST Fund** is used to account for monies received from Special Purpose Local Option Sales Taxes and spent on projects approved by the SPLOST referendum.

The **CDBG Fund** is used to account for proceeds and expenditures of the Community Development Block Grant receivable from the Georgia Department of Community Affairs.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary fund:

The ***Water Supply Fund*** accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 proprietary funds are charges to customers for sales and services provided. The City 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 the proprietary 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 non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with GAAP for the General Fund, Sanitation Fund, SPLOST Fund, and CDBG Fund. An enterprise fund budget is prepared and utilized as a management tool to access the operations of the Water Supply Fund. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution and amended as required for the General Fund, Sanitation Fund, and Water Supply Fund. A project length budget is adopted for the SPLOST Fund and the CDBG Fund. All annual appropriations lapse at the end of each year.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. Budgets and Budgetary Accounting (Continued)

The City code provides for the following procedures in establishing the budgetary data reflected in these financial statements:

The City's annual budget is prepared based on anticipated revenues and appropriated expenditures. The responsibility of budgeting is with the City Council and Mayor. Budgetary discussions are held in October or November. The budget is presented in December of each fiscal year. The City Council is responsible for the adoption and approval of each fiscal year's budget. The City Council must approve all budget revisions or changes. Budgets are adopted on a basis consistent with GAAP. The budget is adopted at the department level.

#### E. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with original maturities of three months or less meet this definition.

#### F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds".

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

All trade and tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water charges are accrued as receivables and revenue at December 31, 2019.

#### G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Restricted Assets

The Water Supply Fund, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt. Customer deposits that must be refunded upon the termination of service are also restricted.

#### I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. In accordance with GASB 34, the City has elected not to include infrastructure acquired prior to January 1, 2004.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended December 31, 2019, no amounts were capitalized.

Depreciation is provided on the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30 – 40
Water system and lines	30 – 40
Machinery and equipment	7 – 10
Vehicles	5 – 10
Infrastructure	40 – 50
Recreational Facilities	10 – 20

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as deferred charges, are deferred and amortized over the life of the bonds using the straight line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### K. Compensated Absences

The City accrues accumulated unpaid vacation leave and associated employee-related costs when earned (or estimated to be earned) by the employee. At December 31, 2019, the amount outstanding for accumulated unpaid vacation was immaterial to the financial statements and was not recorded.

#### L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows of resources at December 31, 2019.

In addition to liabilities, the statement of net 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 does not have any deferred inflows of resources at December 31, 2019.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Fund Equity

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **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. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Council has not authorized anyone to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Fund Equity (Continued)

**Net Position** – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

#### N. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### O. Tax Abatement Agreements

During the year ended December 31, 2016, the City implemented GASB Statement No. 77, *Tax Abatement Disclosures*. This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues. As of December 31, 2019, the City did not have any such agreements, either entered into by the City or by other governments that exceeded the quantitative threshold for disclosure.

### NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2019, are as follows:

As reported in the Statement of Net Position:	
Cash and cash equivalents	\$ 731,672
Restricted assets:	
Cash and cash equivalents	58,655
Cash deposited with financial institutions	<u>\$ 790,327</u>

**Credit risk.** State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2019, the City had no investments.

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

**Custodial Credit Risk – Deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2019, all of the City's bank balances were covered by either federal depository insurance or by collateral held by the City's agent in the City's name.

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

### NOTE 3. RECEIVABLES

Property taxes are levied in October of each year and are due 60 days after the receipt of the tax notice. Property taxes attached as an enforceable lien on the property as of January 1. A local option sales tax is in force. Proceeds for this tax are remitted to the City monthly and are utilized to give property owners tax relief. As a result of the local option sales tax, no property taxes were levied for the year ended December 31, 2019.

The net receivables collected during the year ended December 31, 2019, and expected to be collected by February 29, 2020, are recognized as revenues in the year ended December 31, 2019. Net receivables estimated to be collectible subsequent to February 28, 2020 are recorded as revenue when received.

Receivables consisted of the following at December 31, 2019:

	<u>General Fund</u>	<u>Sanitation Fund</u>	<u>CDBG Fund</u>	<u>Water Supply Fund</u>	<u>Total</u>
Receivables:					
Taxes	\$ 25,080	\$ -	\$ -	\$ -	\$ 25,080
Accounts	-	9,077	114,315	30,282	153,674
Gross receivables	<u>25,080</u>	<u>9,077</u>	<u>114,315</u>	<u>30,282</u>	<u>178,754</u>
Less: allowance for uncollectibles	-	-	-	(23,044)	(23,044)
Net total receivables	<u><u>\$ 25,080</u></u>	<u><u>\$ 9,077</u></u>	<u><u>\$ 114,315</u></u>	<u><u>\$ 7,238</u></u>	<u><u>\$ 155,710</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land	\$ 70,657	\$ -	\$ -	\$ -	\$ 70,657
Construction in progress	-	339,127	-	(339,127)	-
Total	<u>70,657</u>	<u>339,127</u>	<u>-</u>	<u>(339,127)</u>	<u>70,657</u>
Capital assets, being depreciated:					
Buildings	831,314	81,167	-	-	912,481
Improvements other than buildings	18,821	-	-	-	18,821
Infrastructure	110,843	-	-	-	110,843
Machinery and equipment	277,170	7,710	-	-	284,880
Recreation facilities	26,719	-	-	-	26,719
Vehicles	535,793	-	-	-	535,793
Total	<u>1,800,660</u>	<u>88,877</u>	<u>-</u>	<u>-</u>	<u>1,889,537</u>
Less accumulated depreciation for:					
Buildings	(448,704)	(25,219)	-	-	(473,923)
Improvements other than buildings	(6,176)	(1,636)	-	-	(7,812)
Infrastructure	(12,117)	(5,542)	-	-	(17,659)
Machinery and equipment	(202,028)	(17,070)	-	-	(219,098)
Recreation facilities	(11,321)	(147)	-	-	(11,468)
Vehicles	(535,791)	-	-	-	(535,791)
Total	<u>(1,216,137)</u>	<u>(49,614)</u>	<u>-</u>	<u>-</u>	<u>(1,265,751)</u>
Total capital assets, being depreciated, net	<u>584,523</u>	<u>39,263</u>	<u>-</u>	<u>-</u>	<u>623,786</u>
Total capital assets, net	<u>\$ 655,180</u>	<u>\$ 378,390</u>	<u>\$ -</u>	<u>\$ (339,127)</u>	<u>\$ 694,443</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Financial administration	\$ 22,165
Fire department	11,614
Roads and streets	15,835
Total depreciation expense - governmental activities	<u>\$ 49,614</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$ 310,669	\$ -	\$ -	\$ -	\$ 310,669
Construction in progress	153,026	-	(15,100)	339,127	477,053
Total	<u>463,695</u>	<u>-</u>	<u>(15,100)</u>	<u>339,127</u>	<u>787,722</u>
Capital assets, being depreciated:					
Water system and lines	1,339,145	-	-	-	1,339,145
Machinery and equipment	118,237	-	-	-	118,237
Vehicles and related equipment	25,918	-	-	-	25,918
Total	<u>1,483,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,483,300</u>
Less accumulated depreciation for:					
Water system and lines	(1,148,622)	(21,696)	-	-	(1,170,318)
Machinery and equipment	(118,123)	(113)	-	-	(118,236)
Vehicles and related equipment	(25,918)	-	-	-	(25,918)
Total	<u>(1,292,663)</u>	<u>(21,809)</u>	<u>-</u>	<u>-</u>	<u>(1,314,472)</u>
Total capital assets, being depreciated, net	<u>190,637</u>	<u>(21,809)</u>	<u>-</u>	<u>-</u>	<u>168,828</u>
Total capital assets, net	<u>\$ 654,332</u>	<u>\$ (21,809)</u>	<u>\$ (15,100)</u>	<u>\$ 339,127</u>	<u>\$ 956,550</u>

### NOTE 5. LONG-TERM DEBT

#### Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Note payable	\$ 24,526	\$ -	\$ (24,526)	\$ -	\$ -
Total governmental activities	<u>24,526</u>	<u>-</u>	<u>(24,526)</u>	<u>-</u>	<u>-</u>
<b>Business-type activities</b>					
Revenue bonds payable	139,289	-	(7,370)	131,919	7,820
Note payable	122,421	60,594	(697)	182,318	8,417
Total business-type activities	<u>261,710</u>	<u>60,594</u>	<u>(8,067)</u>	<u>314,237</u>	<u>16,237</u>
Total	<u>\$ 286,236</u>	<u>\$ 60,594</u>	<u>\$ (32,593)</u>	<u>\$ 314,237</u>	<u>\$ 16,237</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5. LONG-TERM DEBT (CONTINUED)

#### Governmental Activities Long-Term Debt

Governmental activities long-term obligations as of December 31, 2019, consisted of a loan from Hamilton State Bank for land for the new Community Center.

The Hamilton State Bank note was refinanced in May 2014. The note is now payable in 84 monthly installments of \$906, commencing June 15, 2014, with an interest rate of 5.5%. The note was paid off in the current year.

#### Water Supply Long-Term Debt

In 1991, the City issued a series of water revenue bonds in the amount of \$236,700, which have an interest rate of 6%. Bond interest for the year ended December 31, 2019, amounted to \$7,590. The bonds are payable in annual installments of approximately \$15,730 through January 2031. The bonds were issued to finance water system improvements.

According to the regulations of the bond ordinance, the City is to maintain a sinking fund and reserve fund for the purpose of paying the principal and interest on the bonds as they mature. The balance in these funds as of December 31, 2019, amount to \$15,008. In addition, the City is to establish fees and rates sufficient to produce net revenues of at least equal to 1.2 times the amount required in any sinking fund year to pay principal and interest on outstanding revenue bonds. During the year ended December 31, 2019, the Water Supply Fund produced a sufficient amount of net revenue to meet the 1.2 times requirement. Annual repayment requirements under the revenue bond agreements in the Water Supply Fund are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 7,820	\$ 7,446	\$ 15,266
2021	8,280	6,949	15,229
2022	8,780	6,422	15,202
2023	9,310	5,864	15,174
2024	9,870	5,272	15,142
2025 – 2029	58,960	16,156	75,116
2030 and 2031	28,899	894	29,793
	\$ 131,919	\$ 49,003	\$ 180,922

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5. LONG-TERM DEBT (CONTINUED)

#### Water Supply Long-Term Debt (Continued)

In 2018, the City entered into a contract with the Georgia Environmental Finance Authority for a Drinking Water State Revolving Loan Fund grant/loan in the amount of \$183,015, which has an interest rate of 0.89%. Interest for the year ended December 31, 2019, amounted to \$1,206. The note is payable in monthly installments of \$834 through September 2039. The notes were taken out to provide financing for an automatic meter reading system which will replaced the manual read water meters. Annual repayment requirements under for the note in the Water Supply Fund are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 8,417	\$ 1,576	\$ 9,993
2021	8,492	1,501	9,993
2022	8,568	1,425	9,993
2023	8,644	1,349	9,993
2024	8,722	1,271	9,993
2025 – 2029	44,791	5,172	49,963
2030 – 2034	46,829	3,134	49,963
2035 – 2039	47,855	1,006	48,861
	<u>\$ 182,318</u>	<u>\$ 16,434</u>	<u>\$ 198,752</u>

### NOTE 6. BUDGET COMPLIANCE

The following General Fund departments and special revenue fund had actual expenditures in excess of appropriations for the year ended December 31, 2019.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund:</b>			
Financial administration	\$ 171,185	\$ 269,539	\$ (98,354)
Court	-	3,372	(3,372)
Fire department	60,216	75,010	(14,794)
<b>Sanitation Fund:</b>			
Financial administration	\$ 45,633	\$ 46,720	\$ (1,087)

These over expenditures were funded by greater than anticipated revenues and available fund balance.

## NOTES TO THE FINANCIAL STATEMENTS

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### **NOTE 7. RISK MANAGEMENT**

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (“GIRMA”) for property and liability insurance and the Workers' Compensation Self-Insured Fund (“WCSIF”), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (“GMA”) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agent and attorney to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds. The City pays an annual premium to GIRMA for its general insurance and has coverage of \$1,000,000 for the risks discussed above, except for buildings, which are covered at 100% of the value of the City's holdings. The City's coverage for worker's compensation claims is statutory.

The funds are to defend and protect members of the funds against liability or loss as prescribed in the member governments' contract and in accordance with the workers' compensation laws of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

### **NOTE 8. JOINT VENTURE**

Under Georgia law, the City, in conjunction with other cities and counties in the bordering area, is a member of the Three Rivers Regional Commission (“RC”). Membership in this organization is required by the Official Code of Georgia Annotated (“O.C.G.A.”) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. O.C.G.A. Section 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RC. A copy of the RC audit can be obtained by contacting them directly.

## NOTES TO THE FINANCIAL STATEMENTS

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### **NOTE 9. COMMITMENTS AND CONTINGENCIES**

#### **Litigation**

The City is involved in various claims and matters of litigation resulting from normal operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

#### **Grant Contingencies**

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

### **NOTE 10. INTERFUND BALANCES**

As of December 31, 2019, the City had no interfund balances. The City transferred \$339,127 of capital assets purchased with governmental funds to the Water Supply Fund during the year.

**CITY OF FLOVILLA, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2019 ISSUE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Project</b>	<b>Estimated Cost</b>		<b>Expenditures</b>		<b>Cumulative Total</b>
	<b>Original</b>	<b>Revised</b>	<b>Prior Years</b>	<b>Current Year</b>	
Water system	\$ 1,200,000	\$ 1,200,000	\$ -	\$ 35,543	\$ 35,543
Facilities/public safety CIP	300,000	300,000	-	7,710	7,710
Public works infrastructure/vehicles	100,000	100,000	-	-	-
Cemetery	50,000	50,000	-	-	-
<b>Total</b>	<b>\$ 1,650,000</b>	<b>\$ 1,650,000</b>	<b>\$ -</b>	<b>\$ 43,253</b>	<b>\$ 43,253</b>



**CITY OF FLOVILLA, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2019 ISSUE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Project</b>	<b>Estimated Cost</b>		<b>Expenditures</b>		<b>Cumulative Total</b>
	<b>Original</b>	<b>Revised</b>	<b>Prior Years</b>	<b>Current Year</b>	
Water system	\$ 1,200,000	\$ 1,200,000	\$ -	\$ 35,543	\$ 35,543
Facilities/public safety CIP	300,000	300,000	-	7,710	7,710
Public works infrastructure/vehicles	100,000	100,000	-	-	-
Cemetery	50,000	50,000	-	-	-
<b>Total</b>	<b>\$ 1,650,000</b>	<b>\$ 1,650,000</b>	<b>\$ -</b>	<b>\$ 43,253</b>	<b>\$ 43,253</b>

## **COMPLIANCE SECTION**



## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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**To the Honorable Mayor and Members  
of the City Council  
Flovilla, 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, and each major fund of the City of Flovilla, Georgia (the "City"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 18, 2020.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, as described in the accompanying schedule of findings and responses as item 2019-001, that we consider to be a material weakness.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 are required to be reported under *Government Auditing Standards*.

**City of Flovilla, Georgia's Response to Finding**

The City's response to the finding identified in our audit are described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.



Macon, Georgia  
May 18, 2020

# CITY OF FLOVILLA, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

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### SECTION I SUMMARY OF AUDIT RESULT

#### **Financial Statements**

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes  No

Significant deficiencies identified not considered  
to be material weaknesses?

Yes  No

Noncompliance material to financial statements noted?

Yes  No

#### **Federal Awards**

There was not an audit of major federal award programs for the year ended December 31, 2019 due to the total amount expended being less than \$750,000.

# CITY OF FLOVILLA, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2019-001. Segregation of Duties

**Criteria:** Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

**Condition:** There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the City.

**Context:** Several instances of overlapping duties were noted during interviews regarding internal control procedures.

**Effect:** Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

**Cause:** The lack of segregation of duties is due to the lack of a properly developed integrated work plan with appropriate controls and an improper allocation of available resources. In addition, in certain circumstances there are a limited number of trained individuals in each office available to perform all of the duties.

**Recommendation:** We recommend the duties of recording, distributing, and reconciling of accounts be segregated among employees.

**Views of Responsible Officials and Planned Corrective Action:** We concur. The City is in the process of reviewing their respective systems and processes to evaluate and determine the most efficient and effective solution to properly segregate duties among all City functions to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

### SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable.

# CITY OF FLOVILLA, GEORGIA

## STATUS OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2019

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### **2018-001. Segregation of Duties**

There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the City.

Status: Unresolved. See current year finding 2019-001.

### **2018-002. Year-end Closeout**

A year-end closeout was not performed, and the City did not properly adjust accounts payable, accounts receivable and capital assets requiring material adjustments to be posted to the unadjusted trial balance.

Status: Resolved