

**THE CITY OF
DONALSONVILLE, GEORGIA**

**Annual Financial Report
For the fiscal year ended
May 31, 2021**

CITY OF DONALSONVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED May 31, 2021

TABLE OF CONTENTS

	Page No.
INTRODUCTORY SECTION	1
List of Elected and Appointed Officials	2
FINANCIAL SECTION.....	3
Independent Auditor's Report	4
Management's Discussion and Analysis	6
Basic Financial Statements:.....	12
Government-wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures,	
and Changes in Fund Balances of Governmental Funds to the	
Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual – General Fund.....	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in	
Fund Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Notes to the Financial Statements.....	23
Required Supplemental Information:	
Schedule of Funding Progress – Georgia Municipal Employees Benefit	
Retirement System	44
Combining and Individual Fund Statements and Schedules:	47
Nonmajor Governmental Funds	48
Combining Balance Sheet- Nonmajor Governmental Funds	49
Combining Statement of Revenues, Expenditures, and Changes	
In Fund Balances- Nonmajor Governmental Funds.....	50
Schedule of Revenues, Expenditures, and Changes in Fund	
Balances- Budget and Actual- Nonmajor Special Revenue Fund-Hotel/Motel Tax	51
Schedule of Projects Constructed with Special Sales	
Tax Proceeds.....	52
COMPLIANCE SECTION.....	54
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.....	55

INTRODUCTORY SECTION

CITY OF DONALSONVILLE, GEORGIA
List of Elected and Appointed Officials
May 31, 2021

Elected Officials

Mayor
Council Member – District I, Post 1
Council Member – District I, Post 2
Council Member – District I, Post 3
Council Member – District II, Post 4
Council Member – District II, Post 5
Council Member – District II, Post 6

Ron Johnson, Jr.
Moses James, Jr.
Travis Brooks
Ed Bond
Flossie Smith
Mitchell Blanks
Lindsay C. Register, Sr.

Appointed Officials

City Manager
Attorney
Municipal Court Judge
Clerk
Police Chief
Fire Chief
City Superintendent

Steven Hicks
Billy Grantham
Joshua Bell
Christina Covers
Woodrow Blue, Jr.
Dean King
Bert Adams

FINANCIAL SECTION

William R. Burke, CPA, MAcc
Rebecca B. Worsham, CPA
John S. Buckhaultler, CPA, CFE
William J. Walker, Jr., CPA
Margaret B. Harrell, CPA, CFE
Kayla K. Calhoun, CPA



Burke, Worsham & Harrell, LLC
Certified Public Accountants | Financial Consultants
Licensed in Georgia and Florida

Donalsonville Office
230 Cherry Street
Donalsonville, GA 39845
Telephone (229) 524-2137
Facsimile (229) 524-2124
www.eburke.com

Logan Holt, CPA
J. Alvin Newton, Jr., CPA, JD
Rebecca Rambo, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Donalsonville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Donalsonville, Georgia as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund of the City of Donalsonville, Georgia, as of May 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and retirement system information on pages 6–11 and 44–46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Donalsonville, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements on pages 47-51.

The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, page 1, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by the Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of the City of Donalsonville, Georgia'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 City of Donalsonville, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Donalsonville, Georgia's internal control over financial reporting and compliance.

Burke, Worsham & Harrell, LLC

Burke, Worsham & Harrell, LLC

November 15, 2021



Management's Discussion and Analysis

As management of the City of Donalsonville, Georgia, we offer readers of the City of Donalsonville's financial statements this narrative overview and analysis of the financial activities of the City of Donalsonville for the fiscal year ended May 31, 2021.

Financial Highlights

- The assets of the City of Donalsonville exceeded its liabilities at the close of the most recent fiscal year by \$14,596,968. Of this amount, \$1,190,291 may be used to meet the government's ongoing obligations to citizens and creditors. This is a decrease of \$554,917 from the prior year.
- The City's governmental activities net position increased by \$637,294 and the business-type activities decreased by \$198,469, for a total increase in net position of \$438,825.
- As of the close of the current fiscal year, the City's governmental fund reported ending fund balance of \$1,500,241, an increase of \$572,835 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,031,759, or 29% percent of total general fund expenditures. In the prior year, unassigned fund balance was 26% percent of total general fund expenditures.
- The City's total debt decreased by \$477,605 during the current fiscal year.
- In the City's business-type activities, operating revenues increased by \$121,769 from the prior year while operating expenses increased by \$50,652, for a total operating income increase of \$71,117.
- In the general fund, revenues and other financing sources exceeded budget \$343,513, and the actual expenditures were \$168,651 more than budgeted.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Donalsonville's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the City of Donalsonville's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Donalsonville's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City'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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Donalsonville that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include the general fund which includes the general government, public safety, highways and streets, sanitation, economic development, and culture and recreation, as well as a Special Revenue Fund, which accounts for the Hotel/Motel Taxes, and four Capital Project Funds, which account for the SPLOST V, SPLOST VI, TSPLOST and Chip. The business-type activities of the City include the Water and Sewer Fund, the Gas Fund, the Solid Waste Fund, and the E-Donalsonville Fund.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Downtown Development Authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund financial statements. 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 other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City has six governmental funds. The general fund is a major fund, SPLOST V is a major Capital Project Fund, SPLOST VI is a nonmajor Capital Project Fund, the Hotel/Motel Tax Fund is a nonmajor Special Revenue Fund, TSPLOST Fund is a nonmajor Capital Project Fund, and CHIP Grant Fund is a nonmajor Capital Project Fund.

The City adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided for the general fund and the special revenue fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 15 through 18 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, Gas Fund, Solid Waste Fund and E-Donalsonville Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Water and Sewer Fund and the Gas Fund are major funds and the City has elected to treat the Solid Waste Fund and E-Donalsonville Fund as a major funds also.

The basic proprietary fund financial statements can be found on pages 19 through 22 of this report.

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 on pages 23 through 42 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 43-46 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$14,596,968 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (89%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Donalsonville's Net Position

	Governmental activities		Business-type activities		Total	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 1,174,913	\$ 1,766,712	\$ 1,442,620	\$ 933,145	\$ 2,617,533	\$ 2,699,857
Capital assets	4,803,904	4,692,592	13,105,458	13,332,373	17,909,362	18,024,965
Total assets	5,978,817	6,459,304	14,548,078	14,265,518	20,526,895	20,724,822
Total deferred outflows of resources	389,694	297,501	24,874	18,989	414,568	316,490
Long-term liabilities outstanding	516,209	403,044	4,479,492	4,328,270	4,995,701	4,731,314
Other liabilities	1,064,293	419,555	553,410	576,109	1,617,703	995,664
Total liabilities	1,580,502	822,599	5,032,902	4,904,379	6,613,404	5,726,978
Total deferred inflows of resources	70,421	674,324	4,495	43,042	74,916	717,366
Net position:						
Net investment in capital assets	4,123,975	4,080,329	8,312,974	8,854,828	12,436,949	12,935,157
Restricted:	70,986	471,520	-	-	70,986	471,520
Unrestricted	522,627	708,033	1,222,581	482,258	1,745,208	1,190,291
Total net position	\$ 4,717,588	\$ 5,259,882	\$ 9,535,555	\$ 9,337,086	\$ 14,253,143	\$ 14,596,968

\$471,520 of the City's net position is restricted. The *unrestricted net position* of \$1,190,291 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City has positive balances in all three categories of net position, both for the governmental and business-type activities.

Governmental activities. Governmental activities increased the City's net position by \$637,294. Key elements of this increase are as follows:

City of Donalsonville's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2020	2021	2020	2021	2020	2021
Revenues:						
Program revenues:						
Charges for services	\$ 889,528	\$ 791,782	\$ 1,453,329	\$ 1,575,098	\$ 2,342,857	\$ 2,366,880
Capital grants and contributions	835,053	720,455	36,053	-	871,106	720,455
Operating grants and contributions	-	129,089	-	-	-	129,089
General revenues:						
Property taxes	1,072,339	1,152,734	-	-	1,072,339	1,152,734
Other taxes	964,768	950,767	-	-	964,768	950,767
Other	378,953	134,744	791	703	379,744	135,447
Total revenues	4,140,641	3,879,571	1,490,173	1,575,801	5,630,814	5,455,372
Expenses:						
General government	1,210,414	864,777	-	-	1,210,414	864,777
Public safety	1,789,745	1,855,005	-	-	1,789,745	1,855,005
Highways/streets	524,269	481,499	-	-	524,269	481,499
Sanitation	589,021	410,889	-	-	589,021	410,889
Culture and development	1,288	600	-	-	1,288	600
Economic development	30,927	38,267	-	-	30,927	38,267
Interest on long-term debt	14,897	20,806	-	-	14,897	20,806
Water/Sewer fund	-	-	864,544	840,653	864,544	840,653
Gas fund	-	-	307,973	372,485	307,973	372,485
E-Donalsonville fund	-	-	125,748	131,566	125,748	131,566
Total expenses	4,160,561	3,671,843	1,298,265	1,344,704	5,458,826	5,016,547
Increase in net position before transfers	(19,920)	207,728	191,908	231,097	171,988	438,825
Transfers	350,000	429,566	(350,000)	(429,566)	-	-
Increase in net position	330,080	637,294	(158,092)	(198,469)	171,988	438,825
Net position - beginning	4,387,508	4,717,588	9,893,647	9,535,555	14,081,155	14,253,143
Net position - ending	\$ 4,717,588	\$ 5,354,882	\$ 9,535,555	\$ 9,337,086	\$ 14,253,143	\$ 14,691,968

Business-type activities. Business-type activities decreased the City's net position by \$198,469, a decrease from the prior year in the amount of \$40,377.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The general fund is one of the governmental funds of the City. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,500,241, an increase of \$572,835 in comparison with the prior year. \$1,031,759 of this fund balance is available for spending at the City's discretion.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$637,521, the Gas Fund (\$57,195), the Solid Waste Fund \$7,039, and the E-Donalsonville Fund (\$105,107), for a total unrestricted net position of \$482,258. Other factors covering the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

There were changes between the original budget and the final amended budget in revenues and appropriations totaling \$19,891.

Capital Asset and Debt Administration

Capital assets. The City's net investment in capital assets for its governmental and business type activities as of May 31, 2021, amounts to \$12,935,157 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvement, machinery and equipment, park facilities, roads, and highways. The total increase in the City's investment in capital assets, net of depreciation and debt, for the current fiscal year was \$498,208.

City of Donalsonville's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2020	2021	2020	2021	2020	2021
Land	\$ 434,401	\$ 434,401	\$ 33,646	\$ 33,646	\$ 468,047	\$ 468,047
Buildings	2,036,485	2,109,723	24,924	24,924	2,061,409	2,134,647
Closing Costs	-	-	70,000	70,000	70,000	70,000
Improvements other than buildings	327,971	327,971	8,883	8,883	336,854	336,854
Machinery and equipment	3,908,326	4,168,726	504,702	526,225	4,413,028	4,694,951
Infrastructure	3,172,102	3,195,102	17,837,471	18,420,996	21,009,573	21,616,098
Accumulated depreciation/amortization	(5,075,381)	(5,543,331)	(5,374,168)	(5,752,301)	(10,449,549)	(11,295,632)
Total	\$ 4,803,904	\$ 4,692,592	\$ 13,105,458	\$ 13,332,373	\$ 17,909,362	\$ 18,024,965

Additional information on the City's capital assets can be found in Note III. C. on pages 30-31 of this report.

Long-term debt. At the end of the current fiscal year, the City had total capital leases outstanding in the amount of \$367,735 for its governmental funds and \$0 in the proprietary funds. Notes payable in the governmental funds were \$244,528 and proprietary funds were \$395,755. Bonds payable in the proprietary funds were \$4,300,926. Additional information on the City's long-term debt can be found in Note III. E. & F. on pages 32 through 36 of this report. Post closure costs in the general fund total \$12,800 and in the proprietary funds total \$0.

Economic Factors and Next Year's Budgets and Rates

Cost of living in this area has risen over the past few years and the future increases are projected to be significant. Adjustments will likely need to be made in future budgets to compensate for these increases.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information should be addressed to the City Manager, P.O. Box 308, Donalsonville, GA 39845.

BASIC FINANCIAL STATEMENTS

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
MAY 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	\$ 1,331,899	\$ 625,432	\$ 1,957,331	\$ 18,730
Receivables (net of allowance for uncollectibles)	184,069	105,669	289,738	-
Intergovernmental receivables	112,366	26,227	138,593	-
Prepays	136,684	40,073	176,757	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	1,694	135,744	137,438	-
Capital assets:				
Land	434,401	33,646	468,047	-
Buildings	1,507,981	136	1,508,117	250,409
Improvements other than buildings	143,158	636	143,794	-
Machinery and equipment	952,020	60,426	1,012,446	-
Infrastructure	1,655,032	13,237,529	14,892,561	-
Total assets	6,459,304	14,265,518	20,724,822	269,139
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	297,501	18,989	316,490	-
Total of outflows of resources	297,501	18,989	316,490	-
LIABILITIES				
Accounts payable and other current liabilities	99,601	54,526	154,127	-
Bank Overdraft	755	1,753	2,508	-
Internal balances	(1,813)	1,813	-	-
Accrued interest payable	4,524	9,390	13,914	-
Liabilities payable from restricted assets	558	135,744	136,302	-
Noncurrent liabilities:				
Compensated absences	54,465	1,954	56,419	-
Post closure costs	12,800	-	12,800	-
Net pension liability	39,446	2,518	41,964	-
Due within one year	209,219	368,411	577,630	5,773
Due in more than one year	403,044	4,328,270	4,731,314	47,996
Total liabilities	822,599	4,904,379	5,726,978	53,769
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	674,324	43,042	717,366	-
Total deferred inflows of resources	674,324	43,042	717,366	-
NET POSITION				
Net investment in capital assets	4,080,329	8,854,828	12,935,157	196,640
Restricted for:				
Capital outlay	471,520	-	471,520	-
Unrestricted	708,033	482,258	1,190,291	18,730
Total net position	\$ 5,259,882	\$ 9,337,086	\$ 14,596,968	\$ 215,370

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2021

Functions/Programs	Program Revenues				Net (Expenditures) Revenue and Changes in Net Position			
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business type Activities	Total	Downtown Development Authority
Primary government:								
Governmental activities:								
General government	\$ 864,777	\$ 158,229	\$ 129,089	\$ 335,713	\$ (241,746)	\$ -	\$ (241,746)	\$ -
Public safety	1,855,005	94,185	-	42,910	(1,717,910)	-	(1,717,910)	-
Highways and streets	481,499	-	-	341,832	(139,667)	-	(139,667)	-
Sanitation	410,889	539,368	-	-	128,479	-	128,479	-
Economic development	38,267	-	-	-	(38,267)	-	(38,267)	-
Culture and recreation	600	-	-	-	(600)	-	(600)	-
Interest on long-term debt	20,806	-	-	-	(20,806)	-	(20,806)	-
Total governmental activities	3,671,843	791,782	129,089	720,455	(2,030,517)	-	(2,030,517)	-
Business-type activities:								
Water & Sewer	840,653	991,890	-	-	-	151,237	151,237	-
Gas	372,485	513,722	-	-	-	141,237	141,237	-
E-Donalsonville	131,566	69,486	-	-	-	(62,080)	(62,080)	-
Total business-type activities	1,344,704	1,575,098	-	-	-	230,394	230,394	-
Total primary government	\$ 5,016,547	\$ 2,366,880	\$ 129,089	\$ 720,455	\$ (2,030,517)	\$ 230,394	\$ (1,800,123)	\$ -
Components units:								
Downtown Development Authority	135,007	142,906	-	99,999	-	-	-	107,898
Total component units	\$ 135,007	\$ 142,906	\$ -	\$ 99,999	\$ -	\$ -	\$ -	\$ 107,898
General revenues:								
Property taxes					1,152,734	-	1,152,734	-
Sales and use taxes					440,757	-	440,757	-
Franchise taxes					197,914	-	197,914	-
Business taxes					295,705	-	295,705	-
Interest and penalties on taxes					16,391	-	16,391	-
Unrestricted investment earnings					-	703	703	-
Miscellaneous					134,744	-	134,744	-
Transfers					429,566	(429,566)	-	-
Total general revenues and transfers					2,667,811	(428,863)	2,238,948	-
Change in net position					637,294	(198,469)	438,825	107,898
Net position - beginning					4,717,588	9,535,555	14,253,143	107,472
Prior period adjustment - Note IV. I.					(95,000)	-	(95,000)	-
Net position - ending					\$ 5,259,882	\$ 9,337,086	\$ 14,596,968	\$ 215,370

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

CITY OF DONALSONVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2021

	Major Funds		Non-Major Funds	Total Governmental Funds
	General	Capital Project SPLOST V	Other Governmental Funds	
ASSETS				
Cash and cash equivalents	\$ 584,138	\$ 470,981	\$ 276,780	\$ 1,331,899
Receivables (net of allowance for uncollectibles)	180,207	-	3,862	184,069
Intergovernmental	-	-	112,366	112,366
Due from other funds	396,477	-	-	396,477
Restricted assets:				
Cash and cash equivalents	1,694	-	-	1,694
Total assets	\$ 1,162,516	\$ 470,981	\$ 393,008	\$ 2,026,505
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	58,959	-	88	59,047
Bank Overdraft	-	-	755	755
Accrued expenses	41,111	-	-	41,111
Due to other funds	-	388,507	6,157	394,664
Total liabilities	100,070	388,507	7,000	495,577
Deferred inflows of resources				
Unavailable revenues	30,687	-	-	30,687
Total liabilities and deferred inflows of resources	130,757	388,507	7,000	526,264
Fund balances				
Restricted for:				
Construction and capital outlay	-	82,474	389,046	471,520
Unassigned	1,031,759	-	(3,038)	1,028,721
Total fund balances	1,031,759	82,474	386,008	1,500,241
Total liabilities, deferred inflows of resources and fund balances	\$ 1,162,516	\$ 470,981	\$ 393,008	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,692,592
Governmental funds recognized expenditures for insurance using this purchases method. However, the Statement of Activities uses the accrual method and, thus, only the amount of insurance benefits are recognized as expense when it is consumed. The unconsumed portion is recorded as an asset.	136,684
Deferred Inflows - Pensions	(674,324)
Deferred Outflows - Pensions	297,501
Net Pension Liability	(39,446)
Accrued interest	(4,525)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(612,263)
Compensated absences and post closure cost	(67,265)
Other assets are not available to pay for current-period expenditures, and therefore are deferred in the funds.	30,687
Net position of governmental activities	\$ 5,259,882

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2021

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Project Splost V</u>	<u>Other Governmental Funds</u>	
REVENUES				
Taxes:				
Property	\$ 1,187,646	\$ -	\$ -	\$ 1,187,646
Sales	440,757	-	-	440,757
Franchise	197,915	-	-	197,915
Business	260,010	-	35,695	295,705
Penalties and interest on taxes	16,391	-	-	16,391
Licenses and permits	47,931	-	-	47,931
Intergovernmental	214,962	268,677	354,316	837,955
Charges for services	542,126	-	-	542,126
Fines	94,185	-	-	94,185
Investment earnings	28,021	8,508	3,115	39,644
Miscellaneous revenues	214,229	-	-	214,229
Total revenues	3,244,173	277,185	393,126	3,914,484
EXPENDITURES				
Current:				
General government	803,203	-	-	803,203
Judicial	65,075	-	-	65,075
Public safety	1,674,615	-	-	1,674,615
Highways and streets	252,256	-	-	252,256
Sanitation	401,468	-	-	401,468
Economic development	-	-	38,267	38,267
Capital outlay:				
General government	65,262	-	-	65,262
Public safety	241,205	-	-	241,205
Highways and streets	15,316	-	23,000	38,316
Sanitation	11,855	-	-	11,855
Debt service:				
Principal	11,990	194,021	-	206,011
Interest	-	17,027	-	17,027
Total expenditures	3,542,245	211,048	61,267	3,814,560
Excess (deficiency) of revenues over (under) expenditures	(298,072)	66,137	331,859	99,924
OTHER FINANCING SOURCES (USES)				
Transfers	429,566	-	-	429,566
Total other financing sources and uses	472,911	-	-	472,911
Net change in fund balances	174,839	66,137	331,859	572,835
Fund balances - beginning	856,920	16,337	54,149	927,406
Fund balances - ending	\$ 1,031,759	\$ 82,474	\$ 386,008	\$ 1,500,241

**CITY OF DONALSONVILLE, 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 MAY 31, 2021**

Amounts reported for governmental activities in the statement of activities (page 10) are different because:

Net change in fund balances-total governmental funds (page 12) \$ 572,835

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Depreciation expense	\$	(467,950)	
Capital outlay		356,638	(111,312)

The issuance of long-term debt (e.g., leases, bonds) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred	\$	(43,345)	
Principal repayments		206,011	162,666

Expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (4,886)

Governmental funds defer all tax revenues not collected within 60 days of year-end. However, the Statement of Activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date. (34,911)

Governmental funds recognize expenditures for insurance using the purchase method. However, the Statement of Activities uses the consumption method and, thus, only the amount of insurance benefits consumed are recognized. 9,142

Change in NPO and Deferred Inflows/Outflows 43,760

Change in net position of governmental activities (page 10) \$ 637,294

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GOVERNMENTAL FUND
MAJOR - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 1,105,536	\$ 1,105,536	\$ 1,187,646	\$ 82,110
Sales	359,265	359,265	440,757	81,492
Franchise	213,856	213,856	197,915	(15,941)
Business	240,265	240,265	260,010	19,745
Penalties and interest on taxes	1,000	1,000	16,391	15,391
Licenses and permits	34,445	34,445	47,931	13,486
Intergovernmental	98,890	227,980	214,962	(13,018)
Charges for services	569,957	569,957	542,126	(27,831)
Fines	79,477	75,477	94,185	18,708
Investment earnings	36,362	32,330	28,021	(4,309)
Miscellaneous revenues	265,201	164,034	214,229	50,195
Total revenues	3,004,254	3,024,145	3,244,173	220,028
EXPENDITURES				
Current:				
General government:				
Council	25,800	25,800	26,195	(395)
Manager	113,596	113,973	114,259	(286)
Election	2,552	2,552	-	2,552
Finance and administration	701,590	682,513	728,011	(45,498)
Total general government	843,538	824,838	868,465	(43,627)
Judicial:				
Judicial	61,359	61,782	65,075	(3,293)
Total judicial	61,359	61,782	65,075	(3,293)
Public Safety:				
Police	951,781	960,781	1,055,686	(94,905)
Probation	52,677	53,054	61,478	(8,424)
Fire	702,047	705,815	798,656	(92,841)
Total public safety	1,706,505	1,719,650	1,915,820	(196,170)
Highways and streets:				
Maintenance	314,211	325,154	267,572	57,582
Total highway and streets	314,211	325,154	267,572	57,582
Sanitation	428,067	442,147	413,323	28,824
Debt service:				
Principal	-	-	11,990	(11,990)
Total debt service	-	-	11,990	(11,990)
Total expenditures	3,353,680	3,373,571	3,542,245	(168,674)
Excess of expenditures over revenues	(349,426)	(349,426)	(298,072)	51,354
OTHER FINANCING SOURCES (USES)				
Transfers in	339,426	339,426	429,566	90,140
Sale of capital assets	10,000	10,000	-	(10,000)
Total other financing sources and uses	349,426	349,426	472,911	123,485
Net change in fund balance	-	-	174,839	174,839
Fund balances - beginning	856,920	856,920	856,920	-
Fund balances - ending	\$ 856,920	\$ 856,920	\$ 1,031,759	\$ 174,839

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MAY 31, 2021

	Business-type Activities-Enterprise Funds				TOTAL
	Major Funds				
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	E-Donalsonville Fund	
ASSETS					
Current assets:					
Cash and cash equivalent	\$ 591,761	\$ 33,671	\$ -	\$ -	\$ 625,432
Interest receivable	31	-	-	-	31
Accounts receivable (net of allowance for uncollectibles)	72,925	25,593	-	7,120	105,638
Due from other funds	-	114,325	-	-	114,325
Intergovernmental receivable	-	-	26,227	-	26,227
Prepaid Expenses	29,357	7,626	-	3,090	40,073
Total current assets	694,074	181,215	26,227	10,210	911,726
Noncurrent assets:					
Restricted cash, cash equivalents, and investments:					
Customer deposits	115,189	20,555	-	-	135,744
Total restricted assets	115,189	20,555	-	-	135,744
Capital assets:					
Land	33,646	-	-	-	33,646
Buildings	24,924	-	-	-	24,924
Closing cost	70,000	-	-	-	70,000
Improvements other than buildings	8,083	800	-	-	8,883
Machinery and equipment	377,302	148,923	-	-	526,225
Infrastructure	17,046,748	1,003,102	-	371,146	18,420,996
Less accumulated depreciation and amortization	(5,147,646)	(570,680)	-	(33,975)	(5,752,301)
Total capital assets (net of accumulated depreciation)	12,413,057	582,145	-	337,171	13,332,373
Total noncurrent assets	12,528,246	602,700	-	337,171	13,468,117
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows - Pension	18,989	-	-	-	18,989
Total of outflows of resources	18,989	-	-	-	18,989
Total assets and deferred outflows of resources	13,241,309	783,915	26,227	347,381	14,398,832

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MAY 31, 2021

	Business-type Activities-Enterprise Funds				TOTAL
	Major Funds				
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	E-Donalsonville Fund	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 16,901	\$ 17,396	\$ -	\$ 405	\$ 34,702
Due to other funds	1,813	-	-	114,325	116,138
Bank Overdraft	-	-	1,753	-	1,753
Accrued expenses	901	901	17,435	587	19,824
Accrued interest payable	9,390	-	-	-	9,390
Bonds payable- current	298,977	-	-	-	298,977
Notes payable - current	21,769	47,665	-	-	69,434
Total current liabilities	349,751	65,962	19,188	115,317	550,218
Noncurrent liabilities payable from restricted assets:					
Customer deposits payable	115,189	20,555	-	-	135,744
Total noncurrent liabilities payable from from restricted assets	115,189	20,555	-	-	135,744
Noncurrent liabilities:					
Bonds payable	4,001,949	-	-	-	4,001,949
Compensated Absences	977	977	-	-	1,954
Notes payable	154,850	171,471	-	-	326,321
Total noncurrent liabilities	4,157,776	172,448	-	-	4,330,224
Total liabilities	4,622,716	258,965	19,188	115,317	5,016,186
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - Pension	43,042	-	-	-	43,042
Net Pension Liability	2,518	-	-	-	2,518
Total deferred inflows of resources	45,560	-	-	-	45,560
Total liabilities and deferred inflows of resources	4,668,276	258,965	19,188	115,317	5,061,746
NET POSITION					
Net investment in capital assets	7,935,512	582,145	-	337,171	8,854,828
Unrestricted	637,521	(57,195)	7,039	(105,107)	482,258
Total net position	\$ 8,573,033	\$ 524,950	\$ 7,039	\$ 232,064	\$ 9,337,086

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2021

	Business-type Activities-Enterprise Funds				TOTAL
	Major Funds				
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	E-Donalsonville Fund	
Operating revenues:					
Charges for sales and services:					
Water sales	\$ 463,603	\$ -	\$ -	\$ -	\$ 463,603
Sewer sales	466,717	-	-	-	466,717
Tap fees	3,555	-	-	-	3,555
Gas sales	-	499,983	-	-	499,983
E-Donalsonville	-	-	-	69,486	69,486
Other services	58,015	13,739	-	-	71,754
Total operating revenues	991,890	513,722	-	69,486	1,575,098
Operating expenses:					
Costs of sales and services	290,103	267,992	-	52,584	610,679
Administration	84,010	85,113	-	67,486	236,609
Depreciation	352,777	13,860	-	11,496	378,133
Total operating expenses	726,890	366,965	-	131,566	1,225,421
Operating income	265,000	146,757	-	(62,080)	349,677
Nonoperating revenues (expenses):					
Investment earnings	703	-	-	-	703
Interest expense	(113,763)	(5,520)	-	-	(119,283)
Total nonoperating revenue (expense)	(113,060)	(5,520)	-	-	(118,580)
Income before contributions and transfers	151,940	141,237	-	(62,080)	231,097
Transfers in	-	-	-	76,907	76,907
Transfers out	(200,140)	(306,333)	-	-	(506,473)
Change in net position	(48,200)	(165,096)	-	14,827	(198,469)
Total net position - beginning	8,621,233	690,046	7,039	217,237	9,535,555
Total net position - ending	\$ 8,573,033	\$ 524,950	\$ 7,039	\$ 232,064	\$ 9,337,086

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2021

	Business-type Activities-Enterprise Funds				TOTAL
	Major Funds				
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	E-Donalsonville Fund	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,010,746	\$ 505,683	\$ -	\$ 69,102	1,585,531
Receipts from reimbursement of costs		-	23,894	-	23,894
Payments to suppliers	(261,595)	(238,485)	(23,894)	(56,666)	(580,640)
Payments to employees	(115,646)	(104,756)	-	(63,073)	(283,475)
Net cash provided (used) by operating activities	633,505	162,442	-	(50,637)	745,310
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payments to other funds	(200,140)	(306,333)	-	-	(506,473)
Payments from other funds	1,813	-	-	76,907	78,720
Net cash provided by noncapital and related financing activities	(198,327)	(306,333)	-	76,907	(427,753)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(56,582)	(522,196)	-	(26,270)	(605,048)
Proceeds from new debt	-	250,000	-	-	250,000
Principal paid on capital debt	(314,939)	(30,864)	-	-	(345,803)
Interest paid on capital debt	(113,763)	(5,519)	-	-	(119,282)
Net cash used by capital and related financing activities	(485,284)	(308,579)	-	(26,270)	(820,133)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	703	-	-	-	703
Net cash provided by investing activities	703	-	-	-	703
Net increase (decrease) in cash and cash equivalents	(49,403)	(452,470)	-	-	(501,873)
Cash and cash equivalents - beginning of year	756,353	506,696	-	-	1,263,049
Cash and cash equivalents - ending of year (Including \$115,189 and \$20,555 for restricted cash in the water/sewer and gas funds respectively.)	\$ 706,950	\$ 54,226	\$ -	\$ -	\$ 761,176
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ 265,000	\$ 146,757	\$ -	\$ (62,080)	\$ 349,677
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	352,777	13,860	-	11,496	378,133
(Increase) decrease in accounts receivable	16,967	(7,829)	-	(384)	8,754
(Increase) decrease in prepaid insurance	(3,187)	(689)	-	2,775	(1,101)
(Increase) decrease in other receivable	(1)	-	-	-	(1)
Increase (decrease) in customer deposits	1,890	(210)	-	-	1,680
Increase (decrease) in accounts payable	8,875	10,037	-	(2,641)	16,271
Increase (decrease) in accrued expenses	(8,816)	516	-	197	(8,103)
Total adjustments	368,505	15,685	-	11,443	395,633
Net cash provided (used) by operating activities	\$ 633,505	\$ 162,442	\$ -	\$ (50,637)	\$ 745,310

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Donalsonville is a municipal corporation governed by an elected mayor and six-member council and provides the following services: public safety, highways and streets, culture and recreation, public improvements and general and administrative services. In addition, the City operates public utilities (water, sewer, natural gas and solid waste).

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Units. The Downtown Development Authority of Donalsonville assists local merchants with low interest loans for renovations of downtown properties. The authority consists of a board of seven directors appointed by the City Council. The authority is dependent upon the City at this time for revenue, and the City contributes one-half of the motel and hotel tax collected. The authority is presented as a governmental fund type. Separate financial statements may be obtained by contacting: Downtown Development Authority, P.O. Box 308, Donalsonville, Georgia 39845.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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*.

The City does not allocate indirect costs.

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

C. Measurement focus, basis of accounting and financing statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

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 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.

Sales tax, property 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government'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 *SPLOST V fund* is the government's major capital project fund. This fund accounts for all SPLOST revenue and the accompanying capital outlay.

The government reports the following major proprietary funds:

The *water and sewer fund* operates the water distribution system, the sewer treatment plant, sewage pumping stations and collection systems, and the sanitation collection within the City.

The *gas fund* operates the distribution of natural gas to the City residents.

The *solid waste fund* does not meet the qualifications for a major fund, but management elected to treat it as a major fund, as it is the only remaining proprietary fund. This Fund accounts for the expenses associated with the closure of a landfill and the revenues received from the city and county for these expenses per their agreement.

The *E-Donalsonville* fund does not meet the qualifications for a major fund, but management elected to treat it as a major fund. This Fund accounts for the expenses associated with the city's wireless internet service.

The government reports the following nonmajor governmental funds:

The *hotel/motel tax fund* is the government's only special revenue fund. This fund accounts for all hotel/motel tax revenue received and the accompanying expenditures.

The *CHIP fund* is a nonmajor capital project fund. This fund accounts for all CHIP revenue and the accompanying expenditures.

The *SPLOST VI fund* is a nonmajor capital project fund. This fund accounts for all SPLOST revenue and the accompanying capital outlay.

The *TSPLOST* fund is a nonmajor capital project fund. This fund accounts for all TSPLOST revenue and the accompanying capital outlay.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

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 government's water and sewer function, gas function and various other functions of the government. 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, including special assessments. Taxes and other items not properly included as program revenues are reported as general revenues.

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 enterprise funds are charges to customers for sales and services. The 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities and net position or equity

1. Deposits and investments

The City of Donalsonville's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. All the City's deposits are covered by a combination of federal depository insurance and securities pledged by the financial institution as collateral to protect the deposits of the City as required under state law. Therefore, the City has no custodial credit risk for its deposits.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of allowance for uncollectibles. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied as of the first day of October each year and are payable by December 20. Property taxes are recognized in income in October upon completion of the tax digest. At May 31, 2021, uncollected property taxes amounted to \$53,880. The City estimates that substantially all of the remaining balances will be received in the subsequent period. After December 20, applicable property will be subject to liens, penalty and interest.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

3. Inventories and prepaid items

Expendable supplies are recorded as expenditures at the time items are purchased. The City does not record inventories of supplies on the books.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and proprietary fund financial statements. In the governmental fund statements those prepaid are recognized when purchased.

Prepaid expenses of the City consist of insurance expenses. The City had prepaid insurance expenses totaling \$176,757.

4. Restricted assets

The City of Donalsonville's restricted assets are cash. They consist of customer deposits and confiscated funds held for the use of the Police Department.

5. 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. The City had historical cost records of its infrastructure, thereby allowing us to record infrastructure acquired prior to implementing Statement 34. Capital assets are defined by the government as assets with an individual cost of \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40 years
Building improvements	20 years
Improvements other than buildings	20-50 years
Public domain infrastructure	50 years
System infrastructure	30 years
Machinery and equipment	3 to 20 years
Trucks and tractors	4 to 10 years
Office equipment	5 to 15 years

6. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary funds financial statements.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. Premiums received on debt issuances are 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.

8. Categories and classifications of Fund Balance

The City follows GASB 54 which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor resource constraints. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned and Unassigned.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balance, such as grant agreements that require a dollar match. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds. The City does not have a formal minimum fund balance policy.

9. Net Position

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction or improvement of assets.

Restricted – This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted – This amount is all net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net position”.

10. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports one of these items. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

10. Comparative data/reclassifications

Comparative total data for the prior year have not been presented.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and proprietary funds. The City's annual budget is prepared based on anticipated revenues and appropriated expenditures. Revenue anticipations, generally conservative, are designed to help insure fiscal responsibility and maintain a balanced budget. Sums sufficient to provide for debt service may not be diverted to any other purpose by the Mayor and the Council. The budget is prepared by fund and department. The legal level of budgetary control is the department level. Transfers between departments require approval of governing council.

According to the Charter and Code of the City, the City Manager has the responsibility for developing both the annual budget and capital budget for the city, which is done in conjunction with input and assistance from the City Clerk. These two budgets are developed separately, and then combined into one budget document, with the budgets for capital expenditures being incorporated as line items in the budget for each general government department.

The budget process begins shortly after the results for the third quarter of the fiscal year are determined, usually in early March. Budget proposals or development forms are issued to department heads for those departments where the budget is developed outside City Hall, along with budget results for the department for the first three quarters of the year. The department heads then compare the performance numbers for their respective departments for the current fiscal year, along with the results of the last quarter of the previous fiscal year to their annual budget expenditures, and from that comparison they structure their budgets and make projections of budget and capital needs for the next fiscal year. When they have completed their projections, they return the budget development forms to the City Manager's office at City Hall.

The City Manager is, during this same period of time, completing the budget development forms for those sections of the budget that are developed within City Hall, such as revenues and general government expenditures, using comparative numbers and information from a budget development file maintained in City Hall where pertinent data is filed as it is gathered throughout the year. The City Manager must also compute the requirements for all sections of the budget dealing with lease/purchase and capital outlays or expenditures.

When the budget development forms for all departments have been turned in to, or completed by City Hall, they are combined into a draft budget document. At this point in the process, usually in early April, budget meetings are held with each department head to discuss their projected budget needs. This step is often completed when the budget development forms are returned. If it is determined during these meetings that adjustments need to be made to any line item in the budget, those adjustments are made and total projected budget expenditures are recalculated and compared with projected revenues to determine the projected ad valorem tax requirements. The projected ad valorem tax requirement is entered as a line item in the revenue section of the general fund budget. The completed document becomes the first draft of a proposed City budget for the next fiscal year.

When the proposed budget for the next fiscal year is completed, it is reproduced in quantity and distributed to the Mayor and Council for their review and study. Next, the first public hearing for the proposed budget is scheduled to review the budget and receive public input into the budgeting process. This is usually done in mid-to-late April. After this hearing is held, and input is received from both the public and the Mayor and Council, further refinements and helpful suggestions are incorporated and the second draft budget document is produced and distributed to the Mayor and Council. Of course, copies of the budget at each stage of the budget process are available for public review at City Hall at all times. Next, a final budget hearing is scheduled and advertised. When possible, this hearing is held in conjunction with the regularly scheduled meeting of the Mayor and Council in May. At this hearing, any final public input is received, and final refinements or changes to the budget are made by the Mayor and Council, after which the budget is

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

adopted as the official budget for the City for the upcoming fiscal year which begins on June 1st of each year. Any changes to the budget thereafter must be adopted as amendments to the official city budget.

Encumbrance accounting is employed in governmental funds. Encumbrances recognize purchase orders, contracts, and other commitments for expenditures not fully expended at year end. The City's outstanding encumbrances do not constitute expenditures or liabilities. The commitments will be re-appropriated and honored during the subsequent year.

B. Excess of expenditures over appropriations

For the year ended May 31, 2021, expenditures exceeded appropriations in the following areas: The over-expenditures were funded by available fund balances.

General government	\$ 43,627
Judicial	3,293
Police department	94,882
Probation department	8,424
Fire department	92,841
Debt service	11,990
Hotel/Motel	8,895

C. Deficit fund balance

During the current fiscal year, the Hotel/Motel Tax Fund had a deficit fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits

At year end, the City of Donalsonville's carrying amount of deposits was \$2,091,811 and the bank balance was \$2,052,930. All deposits are entirely insured or collateralized. Of the bank balance, \$500,000 was covered by federal depository insurance or by collateral held by the City's agent in the City's name. The remaining balance of \$1,552,930 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and \$0.00 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name. The City does not have a formal policy addressing credit risk.

The following ties the carrying amounts to the Statement of Net Position:

Cash & cash equivalents	\$ 1,957,331
Restricted cash	137,438
Bank overdraft	<u>(2,508)</u>
Total Statement of Net Position	\$ 2,092,261
Less:	
Cash on hand	<u>(450)</u>
Total carrying amount	<u><u>\$ 2,091,811</u></u>

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

B. Receivables

Receivables as of year-end for the government's individual major and nonmajor funds and major business-type funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental				Business-type				Total
	General	SPLOST VI	TSPLOST	Hotel/Motel	Water/Sewer	Gas	Solid Waste	E-Donalsonville	
	Fund	Fund	Fund	Tax Fund	Fund	Fund	Fund	Fund	
Receivables:									
Interest	\$ -	\$ -	\$ -	\$ -	\$ 31	\$ -	\$ -	\$ -	\$ 31
Taxes	134,853	-	-	3,862	-	-	-	-	138,715
Accounts	45,354	-	-	-	72,925	25,593	-	7,120	150,992
Intergovernmental	-	58,528	53,838	-	-	-	26,227	-	138,593
Other	-	-	-	-	-	-	-	-	-
Gross receivables	<u>180,207</u>	<u>58,528</u>	<u>53,838</u>	<u>3,862</u>	<u>72,956</u>	<u>25,593</u>	<u>26,227</u>	<u>7,120</u>	<u>428,331</u>
Net total receivables	<u>\$ 180,207</u>	<u>\$ 58,528</u>	<u>\$ 53,838</u>	<u>\$ 3,862</u>	<u>\$ 72,956</u>	<u>\$ 25,593</u>	<u>\$ 26,227</u>	<u>\$ 7,120</u>	<u>\$ 428,331</u>

Receivables of the General Fund, Water and Sewer Fund, the Gas Fund, the E-Donalsonville Fund and the Solid Waste Fund are reported net of uncollectible amounts. Total uncollectible amounts related to receivables of the current period are as follows:

Uncollectibles related to water and sewer sales	\$ 45,533
Uncollectibles related to gas sales	728
Uncollectibles related to E-Donalsonville sales	6,890
Uncollectibles related to sanitation fees, general fund	19,005
Total uncollectibles for the current fiscal year	<u>\$ 72,156</u>

C. Capital assets

Capital assets for the year ended May 31, 2021 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 434,401	\$ -	\$ -	\$ 434,401
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>434,401</u>	<u>-</u>	<u>-</u>	<u>434,401</u>
Capital assets, being depreciated:				
Buildings	2,036,485	73,238	-	2,109,723
Improvements other than buildings	327,971	-	-	327,971
Machinery and equipment	3,908,326	260,400	-	4,168,726
Infrastructure	3,172,102	23,000	-	3,195,102
Total capital assets being depreciated	<u>9,444,884</u>	<u>356,638</u>	<u>-</u>	<u>9,801,522</u>
Less accumulated depreciation for:				
Buildings	(552,772)	(48,970)	-	(601,742)
Improvements other than buildings	(174,462)	(10,351)	-	(184,813)
Machinery and equipment	(2,915,128)	(301,578)	-	(3,216,706)
Infrastructure	(1,433,019)	(107,051)	-	(1,540,070)
Total accumulated depreciation	<u>(5,075,381)</u>	<u>(467,950)</u>	<u>-</u>	<u>(5,543,331)</u>
Total capital assets, being depreciated, net	<u>4,369,503</u>	<u>(111,312)</u>	<u>-</u>	<u>4,258,191</u>
Governmental activities capital assets, net	<u>\$ 4,803,904</u>	<u>\$ (111,312)</u>	<u>\$ -</u>	<u>\$ 4,692,592</u>

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases / Transfers</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 33,646	\$ -	\$ -	\$ 33,646
Total capital assets, not being depreciated	<u>33,646</u>	<u>-</u>	<u>-</u>	<u>33,646</u>
Capital assets, being depreciated:				
Buildings	24,924	-	-	24,924
Improvements other than buildings	8,883	-	-	8,883
Machinery and equipment	504,702	21,523	-	526,225
Infrastructure	17,907,471	583,525	-	18,490,996
Total capital assets being depreciated	<u>18,445,980</u>	<u>605,048</u>	<u>-</u>	<u>19,051,028</u>
Less accumulated depreciation for:				
Buildings	(24,763)	(25)	-	(24,788)
Improvements other than buildings	(8,066)	(181)	-	(8,247)
Machinery and equipment	(460,246)	(5,553)	-	(465,799)
Infrastructure	(4,881,093)	(372,374)	-	(5,253,467)
Total accumulated depreciation	<u>(5,374,168)</u>	<u>(378,133)</u>	<u>-</u>	<u>(5,752,301)</u>
Total capital assets, being depreciated, net	<u>13,071,812</u>	<u>226,915</u>	<u>-</u>	<u>13,298,727</u>
Business-type activities capital assets, net	<u>\$ 13,105,458</u>	<u>\$ 226,915</u>	<u>\$ -</u>	<u>\$ 13,332,373</u>

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

Governmental activities:

General government	\$ 42,651
Public safety	186,145
Highways and streets, including depreciatoin of general infrastructure assets	230,833
Sanitation	7,721
Culture and recreation	600
Total depreciation expense-governmental activities	<u>\$ 467,950</u>

Business-type activities:

Water/Sewer Fund	352,777
Gas Fund	13,860
E-Donalsonville Fund	11,496
Total depreciation expense-business-type activities	<u>\$ 378,133</u>

Discretely presented component units

The Downtown Development Authority capital asset activity is as follows:

Discretely Presented Component Unit	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 106,484	\$ 149,998	\$ -	\$ 256,482
Less accumulated depreciation for:				
Buildings	<u>(1,822)</u>	<u>(4,251)</u>	<u>-</u>	<u>(6,073)</u>
Total capital assets, being depreciated, net	<u>\$ 104,662</u>	<u>\$ 145,747</u>	<u>\$ -</u>	<u>\$ 250,409</u>

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

D. Interfund receivables, payables and transfers

The City uses interfund transfers for general operating purposes.

This activity was as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
General	\$ 429,566	\$ -
Proprietary Fund:		
Water and Sewer	-	200,140
Gas	-	306,333
E-Donalsonville	76,907	-
	<u>\$ 506,473</u>	<u>\$ 506,473</u>

The City uses interfund receivables/payables for general operating purposes. These interfund receivables/payables were repaid after fiscal year end.

The composition of interfund balances as of May 31, 2021 is as follows:

	<u>Interfund Receivable (Due From)</u>	<u>Interfund Payable (Due To)</u>
General Fund:		
General	\$ 396,477	
CHIP Grant Fund		100
SPLOST V		388,507
Hotel/Motel Fund		6,057
Proprietary Fund:		
Water/Sewer		1,813
Gas	114,325	
E-Donalsonville		114,325
	<u>\$ 510,802</u>	<u>\$ 510,802</u>

E. Leases

Operating Leases

The city has no operating leases at year ended May 31, 2021.

Capital Leases

The City of Donalsonville has a lease agreement as lessee for financing the acquisition of equipment with Ameris Bank dated May 19, 2017 with the principal amount of \$466,165. The lease bears an interest rate at 70% of the Wall Street Journal prime rate or such other national publication selected by the lessor that quotes a standard rate if the Wall Street Journal is no longer published. The lease is payable at equal installments of \$5,771 (except for the final payment). The final installment, if not sooner paid, shall be due and payable on January 10, 2023. As of May 31, 2021, the principal balance was \$257,333.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	69,258	64,155	5,103
2023	195,790	193,178	2,612
Total	<u>\$ 265,048</u>	<u>\$ 257,333</u>	<u>\$ 7,715</u>

The City of Donalsonville has a lease agreement as lessee for financing the acquisition of equipment. The amount of the lease shall not exceed \$350,000 which is available for advance up to December 15, 2018. Each advance will bear an interest rate of 3.73% per annum beginning on the date of each such advance, calculated on the basis of a year of 360 days and the actual number of days elapsed. Beginning on January 10, 2019, and on the same day of each month until April 10, 2024, the Lessee will make monthly payments of principal of the lease amount and interest thereon at the rate of 3.73%, in equal amortized installments (except for the final payment which may be a different amount), until the lease amount is paid in full. The final installment, if not sooner paid, shall be due and payable on April 10, 2024. As of May 31, 2021, the principal balance was \$79,047.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	75,368	73,678	1,690
2023	5,385	5,369	16
Total	<u>\$ 80,753</u>	<u>\$ 79,047</u>	<u>\$ 1,706</u>

The City of Donalsonville has a lease agreement as lessee for financing the acquisition of computers with Dell Financial Services dated June 1, 2020 with the principal amount of \$19,212. The lease bears an interest rate at 6.99%. The lease is payable at equal annual installments of \$5,316. The final installment, if not sooner paid, shall be due and payable on August 12, 2023. As of May 31, 2021, the principal balance was \$13,895.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	5,316	4,313	1,003
2023	5,316	4,624	692
2024	5,316	4,958	358
Total	<u>\$ 15,948</u>	<u>\$ 13,895</u>	<u>\$ 2,053</u>

The City of Donalsonville has a lease agreement as lessee for financing the acquisition of computers with Dell Financial Services dated June 1, 2020 with the principal amount of \$7,590. The lease bears an interest rate at 6.99%. The lease is payable at equal annual installments of \$2,100. The final installment, if not sooner paid, shall be due and payable on October 29, 2023. As of May 31, 2021, the principal balance was \$5,490.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	2,100	1,704	396
2023	2,100	1,827	273
2024	2,100	1,959	141
Total	<u>\$ 6,300</u>	<u>\$ 5,490</u>	<u>\$ 810</u>

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

The City of Donalsonville has a lease agreement as lessee for financing the acquisition of computers with Dell Financial Services dated September 18, 2020 with the principal amount of \$16,543. The lease bears an interest rate at 6.94%. The lease is payable at equal annual installments of \$4,575. The final installment, if not sooner paid, shall be due and payable on October 29, 2023. As of May 31, 2021, the principal balance was \$11,969.

Fiscal Year	Total	Principal	Interest
2022	4,575	3,717	858
2023	4,575	3,983	592
2024	4,575	4,269	306
Total	<u>\$ 13,725</u>	<u>\$ 11,969</u>	<u>\$ 1,756</u>

The assets acquired through capital leases for various funds are as follows:

Asset:	Governmental Activities	Water/Sewer Fund Activities	Gas Fund Activities
Machinery and equipment	\$ 1,123,481	\$ 108,046	\$ 25,517
Less: accumulated depreciation	(773,617)	(99,414)	(21,690)
Total	<u>\$ 349,864</u>	<u>\$ 8,632</u>	<u>\$ 3,827</u>
Current FY Depreciation	<u>\$ 105,523</u>	<u>\$ 7,968</u>	<u>\$ 2,552</u>

F. Long-term debt

Revenue Bonds

On December 1, 2017, the Downtown Development Authority of Donalsonville issued Series 2017 Revenue Bonds for the purpose of prepaying the outstanding loans to the City from GEFA. The City entered into an Intergovernmental Installment Sale Agreement with the Downtown Development Authority by which the City has agreed to pay the bond debt installments under the Installment Sale Agreement arrangement until the full debt is satisfied.

	Balance 5/31/2020	Issued	Retired	Balance 5/31/2021
Series 2017, Water & Sewer Revenue Bond dated November 13, 2017 with interest currently at 2.49% beginning November 1, 2018 and ending November 1, 2032. Original loan \$5,142,242.00	\$ 4,592,579	\$ -	\$ 291,653	\$ 4,300,926
	<u>\$ 4,592,579</u>	<u>\$ -</u>	<u>\$ 291,653</u>	<u>\$ 4,300,926</u>

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

Annual debt service requirements to maturity for the revenue bonds are as follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 404,232	\$ 298,977	\$ 105,255
2023	404,249	306,485	97,764
2024	404,920	314,181	90,739
2025	404,300	322,070	82,230
2026	401,554	327,393	74,161
2027-2031	1,892,402	1,644,129	248,273
2032-2035	1,122,131	1,087,691	34,440
Total	<u>\$ 5,033,788</u>	<u>\$ 4,300,926</u>	<u>\$ 732,862</u>

Notes payable

The City of Donalsonville has four (4) notes payable.

Governmental Activities

Note one is dated September 13, 2017 with Three Notch Electric Membership in the principal amount of \$300,000 and was used to help with payment of the new Fire Department. The note is interest free and payable in 10 annual payments of \$30,000. As of May 31, 2021, the principal balance was \$180,000.

Annual debt requirements to maturity on Note one are as follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 30,000	\$ 30,000	\$ -
2023	30,000	30,000	-
2024	30,000	30,000	-
2025	30,000	30,000	-
2026	30,000	30,000	-
2027	30,000	30,000	-
Total	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ -</u>

Note two is dated June 18, 2019 with the USDA in the principal amount of \$95,000 and was used to help with payment of the new Police Cars. The note is payable in 3 annual payments of \$34,153 with interest of 3.875%. As of May 31, 2021, the principal balance was \$64,528.

Annual debt requirements to maturity on Note two are as follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 34,153	\$ 31,652	\$ 2,501
2023	34,153	32,876	1,277
Total	<u>\$ 68,306</u>	<u>\$ 64,528</u>	<u>\$ 3,778</u>

Business-type Activities

Note three was originally dated March 20, 2012 and then converted on January 1, 2014 to an amortizing loan in the principal amount of \$325,583, and was used for the conversion of the existing water meters to a radio read system is rehabilitation to the City's sewer main system. The note bears an interest rate of 2.00% and is payable in 179 monthly payments of \$2,095. As of May 31, 2021, the principal balance was \$176,619.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

Annual debt requirements to maturity on Note three are as follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	25,142	21,769	3,373
2023	25,142	22,209	2,933
2024	25,142	22,657	2,485
2025	25,142	23,114	2,028
2026	25,142	23,581	1,561
2027-2029	65,097	63,289	1,808
Total	<u>\$ 190,807</u>	<u>\$ 176,619</u>	<u>\$ 14,188</u>

Note four is dated August 26, 2020 with the Municipal Gas Authority of Georgia in the principal amount of \$250,000 and was used to help with payment of the new natural gas supply lines. The note is payable in 60 monthly payments of \$4,548 with interest of 3.5%. As of May 31, 2021, the principal balance was \$219,136.

Annual debt requirements to maturity on Note one are as follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	54,575	47,665	6,910
2023	54,575	49,361	5,214
2024	54,575	51,116	3,459
2025	54,575	52,934	1,641
2026	18,192	18,060	132
Total	<u>\$ 236,492</u>	<u>\$ 219,136</u>	<u>\$ 17,356</u>

Changes in long-term liabilities

During the year ended May 31, 2021, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 53,360	\$ 1,105	\$ -	\$ 54,465	\$ -
Capital leases	469,929	43,345	(145,539)	367,735	147,567
Notes payable	305,000	-	(60,472)	244,528	61,652
Post closure costs					
Note V.H.	12,800	-	-	12,800	-
Governmental activities Long-term liabilities	<u>\$ 841,089</u>	<u>\$ 44,450</u>	<u>\$ (206,011)</u>	<u>\$ 679,528</u>	<u>\$ 209,219</u>
Business-type activities:					
Compensated absences	\$ 6,662	\$ -	\$ (4,708)	\$ 1,954	\$ -
Bonds payable	4,592,579	-	(291,653)	4,300,926	298,977
Notes payable	199,905	250,000	(54,150)	395,755	69,434
Business-type activities Long-term liabilities	<u>\$ 4,799,146</u>	<u>\$ 250,000</u>	<u>\$ (350,511)</u>	<u>\$ 4,698,635</u>	<u>\$ 368,411</u>

Compensated absences and post closure costs of the City's governmental funds will generally be liquidated by the general fund. Long-term liabilities of the business-type activities will generally be paid from the fund that incurred the liability.

The beginning notes payable balance for the Governmental Activities has been restated to include a USDA notes payable that was erroneously omitted in the prior audit report.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

G. Restricted asset

The City's restricted net position is made up of capital project funds totaling \$471,520.

The balances of the City's restricted asset accounts are as follows:

Customer deposit	\$135,744
Police department	<u>1,694</u>
Total restricted assets	<u>\$137,438</u>

IV. OTHER INFORMATION

A. Risk Management

The City of Donalsonville is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's 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 fund being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all events of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract. The fund is to pay all cost 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.

B. Related Party Transaction

The City has no outstanding contracts with any related parties.

C. Subsequent Events

The City has met the requirements to receive \$460,506 in funds from the American Rescue Plan Act of 2021 to help combat the effects that the COVID-19 pandemic has had on this small community.

D. Joint Ventures

The City is currently involved in a joint venture with Seminole County, Georgia for the operation of the Donalsonville-Seminole County Airport. The airport is financially independent of the City and County, and the governments do not retain an equity interest in the airport. All real estate is owned equally by the City and County governments, with the City's respective portion included in its capital assets. A copy of the joint venture's separate financial statements can be obtained from:

Jerry Isler
P.O. Box 671
Donalsonville, Georgia

Under Georgia law, the County, in conjunction with other cities and counties in the eight-county west central Georgia area, is a member of the Southwest Georgia Regional Commission (SWGARC) and is

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

required to pay annual dues thereto. During its year ended May 31, 2021, the city paid \$2,806 in such dues. Membership in SWGARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the SWGARC in Georgia. The SWGARC 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 SWGARC. Separate financial statements may be obtained from:

Southwest Georgia Regional Commission
P.O. Box 346
Camilla, Georgia 31730-0346

E. Employee retirement systems and pension plans

Plan description. The City maintains an agent multiple employee defined benefit pension plan with the Georgia Municipal Employees Benefit System (GMEBS). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Participation in the plan was approved by resolution of the City Council. The benefits provided by the plan, as well as the obligation to contribute to the plan, can only be amended by the approval of the City Council. Employees are not required to contribute to the plan. The Plan is not included in the City's financial statement. A financial report is available by contacting the Burgess Building, Atlanta, Georgia.

The City also participates in the State of Georgia Police Officer's Annuity Program. The City makes no contribution to this plan. Contributions are collected by the City as an agent for this fund through its municipal court system. This plan is administered through the State and is not included in the City's financial statements.

Employees covered by benefit terms. At May 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	31
Active employees and elected officials	49
	111
	111

Funding Policy. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. The current rate of contribution for the City is 8.57% of annual covered payroll. Annual covered payroll for May 31, 2021 was \$1,611,305.

Net Investment Return

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

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

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, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00%	6.40%
International equity	20.00%	7.05%
Real estate	10.00%	4.50%
Global Fixed income	5.00%	1.25%
Domestic Fixed income	20.00%	1.15%
Cash	0.00%	
Total	100.00%	

Rate of Return: 7.375% On-going basis, based on long-term expected rate of return on pension plan investments.

Significant actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

The significant actuarial assumptions used in the current valuation, as of July 1, 2021 are:

Net Investment Rate of Return	7.375 % per year
Projected Salary Increases	2.25 % plus service based merit
Cost of Living Adjustments	0.00%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonable reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

Net Pension Liability. The components of the net pension liability of participating entities were as follows:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balance at May 31, 2020 *	\$ 4,212,552	\$ 3,383,507	\$ 829,045
Changes for the year:			
Service Cost	68,794	-	68,794
Interest	306,237	-	306,237
Difference between expected and actual experience	75,012	-	75,012
Contributions - employer	-	138,025	(138,025)
Contributions - employee	-	-	-
Net Investment Income	-	1,115,711	(1,115,711)
Benefit Payments, including refunds of employee contributions	(257,959)	(257,959)	-
Administrative Expense	-	(16,612)	16,612
Other	-	-	-
Net Changes	192,084	979,165	(787,081)
Balance at May 31, 2021 **	<u>\$ 4,404,636</u>	<u>\$ 4,362,672</u>	<u>\$ 41,964</u>

**Entry Age Normal liabilities calculated using ages and service months as of July 1, 2020 are used to measure TPL as of May 31, 2020. The balances as of May 31, 2020 constitute measurements of the NPL for the fiscal year ending May 31, 2021.*

***Entry Age Normal liabilities calculated using ages and service months as of July 1, 2021 are used to measure TPL as of May 31, 2021. The balances as of May 31, 2021 constitute measurements of the NPL for the fiscal year ending May 31, 2021.*

Discount Rate. The discount rate used to measure the total pension liability was 7.3750%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.3750%, 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 (6.3750%) or 1-percentage-point higher (8.3750%) than the current rate:

	1% Decreases 6.375%	Current Discount Rate 7.375%	1% Increase 8.375%
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	<u>\$ 522,761</u>	<u>\$ 41,964</u>	<u>\$ (365,628)</u>

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

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

For the fiscal year ended May 31, 2021, the City recognized pension expense of \$91,472. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 206,696	\$ -
Changes in assumptions	19,128	-
Net differences between projected and actual earnings on pension plan investments.	90,666	(717,366)
Total	<u>\$ 316,490</u>	<u>\$ (717,366)</u>

F. Defined Contribution Plan

The City has elected to participate in a retirement plan administered by Georgia Municipal Association, Inc. The plan is a governmental qualified defined contribution money purchase plan.

Under the plan, the City allows employees the option of contributing up to 100% of their earnings to the plan. The City does not make any contributions to the plan.

Benefits depend upon the sum of the employee's contributions to the plan with investment earnings. Upon retirement or employment termination, employees are entitled to either a lump sum distribution of the employee and employer contributions with investment earnings or the option of receiving monthly, semi-annual or annual payments based on an amount equal to the amount of the employee contributions with investment earnings.

There was one employee who contributed \$11,897 to the plan for the fiscal year ending May 31, 2021.

G. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its solid waste landfill and to perform certain maintenance and monitoring functions at the site for a period of five years. This 5-year period is an exception to the 30-year period for monitoring landfills granted to those sites which are not contaminating groundwater and which cease to accept solid waste as of April 8, 1994. The City qualified for this exception. Although closure and postclosure care costs will be paid after the date that the landfill stopped accepting waste, the City reports a portion of these costs as an operating expense in this fiscal year, and the balance of the current estimated closure and postclosure costs are recorded as a liability in the Solid Waste Fund, an Enterprise Fund of the City. Estimates must be used and these estimates may change on account of a variety of factors including inflation or deflation, technology, or applicable laws or regulations.

The City and Seminole County, Georgia have an agreement in which the County contributes 60% of the closure and post-closure cost. An intergovernmental receivable is recorded for 60% of the current estimated cost.

The current estimated closure and post-closure cost at May 31, 2021 for the governmental fund is \$12,800. The City does not have the ability to calculate the annual accrual due to the closure of the landfill.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2021

H. Motel/Hotel Tax

The City of Donalsonville collected 5% motel taxes and is in compliance with OCGA 48-13-51. The City collected \$35,695 in taxes and expended \$38,267 for economic development, which is 107% of taxes collected. The balance is restricted for economic development.

I. Prior period adjustment

A prior period adjustment is being made in the amount of \$95,000 for the understatement of debt in the governmental activities in the prior fiscal year.

**REQUIRED SUPPLEMENTAL
INFORMATION**

CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN
FOR THE FISCAL YEAR ENDED MAY 31, 2021

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Service cost	\$ 68,794	\$ 75,435	\$ 64,654	\$ 67,055	\$ 68,145	\$ 60,905	\$ 49,358
Interest	306,237	281,571	267,012	256,165	254,974	248,392	241,276
Differences between expected and actual experience	75,012	263,248	75,252	5,540	(121,264)	(32,025)	26,355
Changes of assumption	-	-	-	53,916	-	-	-
Changes in benefit terms	-	-	-	-	-	914	(30,497)
Benefit payments, including refunds of employee contributions	(257,959)	(249,617)	(197,519)	(187,529)	(185,471)	(201,022)	(188,321)
Other	-	38,256	-	-	-	-	-
Net change in total pension liability	<u>192,084</u>	<u>408,893</u>	<u>209,399</u>	<u>195,147</u>	<u>16,384</u>	<u>77,164</u>	<u>98,171</u>
Total Pension Liability as of beginning	4,212,552	3,803,659	3,594,260	3,399,113	3,382,729	3,305,565	3,207,394
Total Pension Liability as of ending (a)	<u>\$ 4,404,636</u>	<u>\$ 4,212,552</u>	<u>\$ 3,803,659</u>	<u>\$ 3,594,260</u>	<u>\$ 3,399,113</u>	<u>\$ 3,382,729</u>	<u>\$ 3,305,565</u>
Employer contributions	\$ 138,025	\$ 120,116	\$ 115,599	\$ 151,408	\$ 138,429	\$ 153,584	\$ 178,075
Net investment income	1,115,711	240,543	22,370	338,040	381,392	(12,774)	259,710
Benefit payments, including refunds of employer contributions	(257,959)	(249,617)	(197,519)	(187,529)	(185,471)	(201,022)	(188,321)
Administrative expense	(16,612)	(12,131)	(14,898)	(13,476)	(14,319)	(8,525)	(9,515)
Net Change in fiduciary net position	<u>979,165</u>	<u>98,911</u>	<u>(74,448)</u>	<u>288,443</u>	<u>320,031</u>	<u>(68,737)</u>	<u>239,949</u>
Plan fiduciary net position - beginning	3,383,507	3,284,596	3,359,044	3,070,601	2,750,570	2,819,307	2,579,358
Plan fiduciary net position - ending (b)	<u>\$ 4,362,672</u>	<u>\$ 3,383,507</u>	<u>\$ 3,284,596</u>	<u>\$ 3,359,044</u>	<u>\$ 3,070,601</u>	<u>\$ 2,750,570</u>	<u>\$ 2,819,307</u>
Net Pension Liability - ending: (a)-(b)	<u>\$ 41,964</u>	<u>\$ 829,045</u>	<u>\$ 519,063</u>	<u>\$ 235,216</u>	<u>\$ 328,512</u>	<u>\$ 632,159</u>	<u>\$ 486,258</u>
Plan's fiduciary net position as a percentage of the total pension liability	99.05%	80.32%	86.35%	93.46%	90.34%	81.31%	85.29%
Covered-employee payroll	\$ 1,661,450	\$ 1,611,305	\$ 1,586,681	\$ 1,308,205	\$ 1,339,942	\$ 1,330,209	\$ 1,138,480
Net pension liability as a percentage of covered-employee payroll	2.53%	51.45%	32.71%	17.98%	24.52%	47.52%	42.71%

Note: This schedule will present 10 years of information once the data is available.

**CITY OF DONALSONVILLE, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN
 FOR THE FISCAL YEAR ENDED MAY 31, 2021**

SCHEDULE OF CONTRIBUTIONS FOR LAST TWO FISCAL YEARS

	<u>2022</u>	<u>2021</u>	
Actuarially determined contribution	*	\$ 135,975	
Contributions in relation to the actuarially determined contribution	*	138,025	**
Contribution deficiency (excess)	*	(2,050)	
Covered-employee payroll	*	1,611,305	***
Contributions as a percentage of covered employee payroll	*	8.57%	

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

** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

*** 2021 covered payroll is based on data collected as of March 31, 2020 for the 2020 actuarial valuation.

CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN
FOR THE FISCAL YEAR ENDED MAY 31, 2021

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date	The actuarially determined contribution was determined as of July 1, 2021, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending May 31, 2023.
Methods and assumptions used to determine contribution rates:	
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 13 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	N/A
Retirement Age	
age 65-69	60%
70 and over	100%
Mortality	RP-2000-Combined

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Hotel/Motel Taxes- This fund is used to account for the monies received in taxes from the local hotels and motels. These taxes are used for economic development.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds

CHIP- This fund is used for the collection of Grant Revenues.

TSPLOST- This fund is used for the collection of transportation special purpose local option sales tax to be used on capital purchases for the city.

SPLOST VI- This fund is used for the collection of special purpose local option sales tax to be used on capital purchases for the city.

CITY OF DONALSONVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MAY 31, 2021

	Special Revenue Funds		Capital Project Funds				Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Total	CHIP Fund	Tsplost	Splost VI	Total	
ASSETS							
Current assets:							
Cash and cash equivalent	\$ -	\$ -	\$ 100	\$ 276,680	\$ -	\$ 276,780	\$ 276,780
Accounts receivable (net of allowance for uncollectibles)	3,862	3,862	-	-	-	-	3,862
Intergovernmental	-	-	-	53,838	58,528	112,366	112,366
Total current assets	3,862	3,862	100	330,518	58,528	389,146	393,008
Total assets	3,862	3,862	100	330,518	58,528	389,146	393,008
LIABILITIES							
Current liabilities:							
Accounts payable	88	88	-	-	-	-	88
Due to other funds	6,057	6,057	100	-	-	100	6,157
Bank Overdraft	755	755	-	-	-	-	755
Total current liabilities	6,900	6,900	100	-	-	100	7,000
FUND BALANCE							
Restricted for:							
Construction and capital outlay	-	-	-	330,518	58,528	389,046	389,046
Unrestricted	(3,038)	(3,038)	-	-	-	-	(3,038)
Total fund balance	(3,038)	(3,038)	-	330,518	58,528	389,046	386,008
Total liabilities and fund balance	\$ 3,862	\$ 3,862	\$ 100	\$ 330,518	\$ 58,528	\$ 389,146	\$ 393,008

CITY OF DONALSONVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2021

	Special Revenue Fund		Capital Project Fund				Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Total	CHIP Fund	Tsplost	Splost VI	Total	
Revenues:							
Hotel/Motel tax	\$ 35,695	\$ 35,695	\$ -	\$ -	\$ -	\$ -	\$ 35,695
Intergovernmental revenues	-	-	-	295,788	58,528	354,316	354,316
Investment Earnings	34	34	-	3,081	-	3,081	3,115
Total revenues	35,729	35,729	-	298,869	58,528	357,397	393,126
Expenditures:							
Economic development	38,267	38,267	-	-	-	-	38,267
Capital outlay:							
Highways and streets	-	-	-	23,000	-	23,000	23,000
Debt service:	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	38,267	38,267	-	23,000	-	23,000	61,267
Excess of revenues over (under) expenditures	(2,538)	(2,538)	-	275,869	58,528	334,397	331,859
Net change in fund balances	(2,538)	(2,538)	-	275,869	58,528	334,397	331,859
Fund balance- beginning	(500)	(500)	-	54,649	-	54,649	54,149
Fund balance- ending	\$ (3,038)	\$ (3,038)	\$ -	\$ 330,518	\$ 58,528	\$ 389,046	\$ 386,008

CITY OF DONALSONVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR - SPECIAL REVENUE FUND
HOTEL/MOTEL TAX FUND
FOR THE YEAR ENDED MAY 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Hotel/Motel taxes	\$ 29,372	\$ 29,372	\$ 35,695	\$ 6,323
Investment earnings	-	-	34	34
Total revenues	29,372	29,372	35,729	6,357
EXPENDITURES				
Current:				
Economic development	29,372	29,372	38,267	(8,895)
Total expenditures	29,372	29,372	38,267	(8,895)
Excess of expenditures over revenues	-	-	(2,538)	(2,538)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	-	-	(2,538)	(2,538)
Fund balances - beginning	(500)	(500)	(500)	(500)
Fund balances - ending	\$ (500)	\$ (500)	\$ (3,038)	\$ (3,038)

**CITY OF DONALSONVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
MAY 31, 2021**

Special Purpose Local Option Sales Tax #5

<u>Project No.</u>	<u>Project Description</u>	<u>Original Estimated Costs</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Percentage of Completion</u>
1	LMIG Program	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	0.00%
2	Industrial Park expansion & improvements	200,000	200,000	-	-	-	0.00%
3	Services Expansion (Gas, Water, Sewer)	125,000	125,000	-	-	-	0.00%
4	Fire Station	100,000	100,000	-	-	-	0.00%
5	Sanitation Department capital outlay	156,158	156,158	-	-	-	0.00%
6	Fire Department capital outlay	256,158	256,158	986,982	-	986,982	385.30%
7	Street Department capital outlay	406,158	406,158	662,476	-	662,476	163.11%
8	Police Department capital outlay	206,158	206,158	135,421	-	135,421	65.69%
9	General Government capital outlay	107,260	107,260	225,064	-	225,064	209.83%
10	Community Enrichment Program	406,158	406,158	-	-	-	0.00%
	Totals	\$ 2,163,050	\$ 2,163,050	\$ 2,009,943	\$ -	\$ 2,009,943	

Reconciliation of current year SPLOST expenditures to the Statement of Revenue, Expenses, and Changes in Fund Balances

Current year expenditures as shown above	-
Retirement of debt	194,021
Interest expense	17,027
Total current year SPLOST expenditures	<u>\$ 211,048</u>

Transportation Special Purpose Local Option Sales Tax

<u>Project No.</u>	<u>Project Description</u>	<u>Original Estimated Costs</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Percentage of Completion</u>
1	Transportation Projects	\$ 1,669,800	\$ 1,669,800	\$ 463,766	\$ 23,000	\$ 486,766	29.15%
	Totals	\$ 1,669,800	\$ 1,669,800	\$ 463,766	\$ 23,000	\$ 486,766	

**CITY OF DONALSONVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
MAY 31, 2021**

Special Purpose Local Option Sales Tax #6

<u>Project No.</u>	<u>Project Description</u>	<u>Original Estimated Costs</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Percentage of Completion</u>
1	Economic Development/ Urban Renewal	\$ 75,000	\$ 75,000	\$ -	\$ -	\$ -	0.00%
2	Industrial Park Expansion & Improvements	198,000	198,000	-	-	-	0.00%
3	General Government	352,000	352,000	-	-	-	0.00%
4	Communication	50,000	50,000	-	-	-	0.00%
5	Sanitation Street Department	606,000	606,000	-	-	-	0.00%
6	Fire Department	500,000	500,000	-	-	-	0.00%
7	Police Department	380,000	380,000	-	-	-	0.00%
	Totals	<u>\$ 2,161,000</u>	<u>\$ 2,161,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

COMPLIANCE SECTION

William R. Burke, CPA, MAcc
Rebecca B. Worsham, CPA
John S. Buckhaultler, CPA, CFE
William J. Walker, Jr., CPA
Margaret B. Harrell, CPA, CFE
Kayla K. Calhoun, CPA



Burke, Worsham & Harrell, LLC

Certified Public Accountants | Financial Consultants
Licensed in Georgia and Florida

Donalsonville Office
230 Cherry Street
Donalsonville, GA 39845
Telephone (229) 524-2137
Facsimile (229) 524-2124
www.eburke.com

Logan Holt, CPA
J. Alvin Newton, Jr., CPA, JD
Rebecca Rambo, CPA

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

To the Mayor and City Council
City of Donalsonville, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Donalsonville, Georgia, as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Donalsonville, Georgia's basic financial statements and have issued our report thereon dated November 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Donalsonville, 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 Donalsonville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Donalsonville, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses and significant deficiencies may exist that were not identified. However, as described below we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below to be material weaknesses.

Item 2021-1

Finding: Inadequate separation of duties in the Governmental Funds and the Proprietary Funds.

Cause: The City does not have enough staff to segregate the various functions.

Effect: This could result in misappropriation of assets.

Planned Corrective Action: The mayor and council take an active role in reviewing the monthly financials and other monthly checks and balances.

Response by Responsible Officials: The mayor and council are aware of this issue, but it is not economically feasible to correct.

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.

Item 2021-2

Finding: Expenditures exceeded the budget in seven departments of the General Fund and Hotel/Motel Fund.

Cause: The City amended the 2021 budget, but did not accrue all payables at year-end.

Effect: Expenditures for the year exceeded the appropriations in seven departments.

Planned Corrective Action: The Mayor and Council will review and amend the budget closer to year-end and will consider each department's appropriation needs.

Response by Responsible Officials: The Mayor and Council are aware of this finding and will strive to maintain sufficient budgetary appropriations for all departments.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the City of Donalsonville, Georgia in a separate letter dated November 15, 2021.

City of Donalsonville, Georgia's Response to Findings

The City of Donalsonville, Georgia's response to the findings identified in our audit is described above with each finding. The City of Donalsonville, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Burke, Worsham & Harrell, LLC

Burke, Worsham & Harrell, LLC

November 15, 2021

