

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2020**

Prepared by:  
City of Social Circle Finance Department

## **INTRODUCTORY SECTION**

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**CITY OF SOCIAL CIRCLE, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2020**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Table of Contents .....	i and ii
Letter of Transmittal .....	iii-vi
Principal Officials .....	vii
Organizational Chart .....	viii
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1-3
Management's Discussion and Analysis .....	4-11
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position .....	12
Statement of Activities .....	13
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds .....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	16
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual .....	17
Statement of Net Position – Proprietary Funds .....	18
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	19
Statement of Cash Flows – Proprietary Funds .....	20 and 21
Statement of Fiduciary Assets and Liabilities – Agency Fund .....	22
Notes to Financial Statements .....	23-52
<b>Required Supplementary Information:</b>	
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Retirement Plan .....	53
Schedule of City Contributions – Retirement Plan .....	54
<b>Combining and Individual Fund Financial Statements and Schedules:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	56
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Confiscations Pending Fund .....	57

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---

**TABLE OF CONTENTS**

**Page**

**FINANCIAL SECTION (CONTINUED)**

**Combining and Individual Fund Statements and Schedules (Continued):**

<b>Schedule of Revenues, Expenditures, and Changes in Fund</b>	
Balances – Budget and Actual – Library Fund .....	58
Schedule of Expenditures of Special Purpose Local Option Sales Tax .....	59
Statement of Fiduciary Assets and Liabilities – Agency Fund .....	60
Statement of Cash Flows – Component Unit – Main Street Commission .....	61
Statement of Cash Flows – Component Unit – Downtown Development Authority .....	62
Statement of Cash Flows – Component Unit – Development Authority .....	63

**STATISTICAL SECTION**

Net Position by Component .....	64
Changes in Net Position .....	65
Governmental Activities Tax Revenues by Source .....	66
Fund Balances of Governmental Funds .....	67
Changes in Fund Balances of Governmental Funds .....	68
Assessed Value and Estimated Actual Value of Taxable Property .....	69
Property Tax Rates, Direct and Overlapping Governments .....	70
Principal Property Taxpayers .....	71
Property Tax Levies and Collections .....	72
Ratios of Outstanding Debt by Type .....	73
Direct and Overlapping Governmental Activities Debt .....	74
Pledged-Revenue Coverage .....	75
Demographic and Economic Statistics .....	76
Principal Employers .....	77
Full-time Equivalent City Government Employees by Function .....	78
Operating Indicators by Function .....	79
Capital Asset Statistics by Function .....	80

**COMPLIANCE SECTION**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	81 and 82
Schedule of Findings and Responses .....	83-85



*The City Of*  
**SOCIAL CIRCLE**

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*166 North Cherokee Road · Post Office Box 310 · Social Circle, Georgia 30025  
Office: 770-464-2380 · Fax: 770-464-2113*

February 4, 2021

Honorable David Keener, Mayor,  
Members of the City Council,  
and Citizens of Social Circle, Georgia

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) for the City of Social Circle, Georgia, for the fiscal year ended June 30, 2020, is hereby submitted as mandated by both local ordinance and state statutes. These statutes and ordinances require the City of Social Circle to issue an annual report on its financial activity and position, and that this report be audited by an independent firm of certified public accountants. It is required that local governments publish within six months of the close of each fiscal year a complete set of audited financial statements.

This report was prepared by the City's Finance Department, responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures rests with the City. We believe the report, as presented, is accurate in all material aspects. We also believe it is presented in a manner designed to set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. Finally, we believe that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mauldin and Jenkins, LLC, has issued an unmodified ("clean") opinion on the City of Social Circle's financial statements for the fiscal year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and is best read in conjunction with it.

***"Georgia's Greatest Little Town"***

## **Profile of the Government**

Social Circle was incorporated in 1832 and is described as “Georgia’s Greatest Little Town.” Located in Walton County and part of Newton County, the City of Social Circle is an iconic location along the Great Walton railroad that extends to the center of the City and provides a connection to the CSX Railroad. The railway is still active, and the Historic Train Depot remains adjacent to the center of the City. The City occupies a land area of about 11 square miles and serves a population of about 4,447 (based upon the U.S. Census Bureau estimate).

Policy making and legislative authority of the government is vested in the mayor and four council members, who are elected for four-year terms and staggered, with elections for Major, District 2 and 4 in one cycle and District 1 and 3 at the next two-year election cycle. The mayor is elected at large by popular vote, with councilmen being elected by their district’s majority vote. The Mayor and council members serve until their successors are qualified and elected. The Mayor and Council appoint a City Manager to carry out the executive and administrative operations of the government. The City is empowered to levy a property tax on both real and personal property located within its boundaries and is able to levy all other taxes granted to municipalities within the State of Georgia.

The City operates under a Council/Manager form of government, whereby the Mayor and City Council possess all of the legislative powers granted to the government under the constitution and laws of the State of Georgia and the City of Social Circle charter. The City Manager possesses all of the executive and administrative powers granted to the government under the constitution and laws of the State of Georgia and the City’s charter.

Most City functions are performed by City employees. The City offers water, sewer, gas, and trash services to the City based on where services are available. The sanitation and recycle services are outsourced by a contracted company. Also, most paving and larger projects, such as the recently constructed Friendship Park, are contracted out projects. Nearly all other internal needs are met by the employees of the City, including finance, fire, police, court, public works, transit, and others. The location of the City provides convenient access to the Atlanta airport. Proximity to the Atlanta area provides opportunities for employment, culture, and retail.

The annual budget serves as the foundation for the City’s financial plan and assists in the control of the financial stability and health of the government. The Mayor and City Council are required to adopt a final budget no later than the close of the fiscal year. The budget is prepared by fund, function, and department. The City Manager may transfer resources within a department (within a fund) as they deem necessary. However, transfers between departments or funds require approval from the City Council.

## **Local Economy**

The City is home to approximately 150 businesses. The largest employers include Standridge Color Corporation, Social Circle City Schools, General Mills, and Goodyear Tire & Rubber. The City of Social Circle is largely residential, however, is becoming more and more industrial.

The City has experienced some population growth over the past couple of decades. The population within the City is diverse, in that it consists of families who have lived here for several generations, as well as newer residents seeking the pleasant small-town lifestyle. The City has much to offer with gorgeous scenery and just close enough to Atlanta to be convenient, but far enough away to still have the country atmosphere. The median age of the city residents is 37.5 based on the most recent US Census Bureau information. Also according to the most recent census conducted by the U.S. Census Bureau, nearly 38 percent of the City's population was between 15 and 44-years-old, while another 42.7 percent were aged 45 and older.

Median household income in 2011 was \$41,164. In 2020, the median income was estimated at \$55,382. The median home price in 2020 was approximately \$130,000.

North and South Cherokee and East and West Hightower are the main roadways in Social Circle, and the industrial area, is served by our bypass, Social Circle Parkway, which is also State Route 11. There are 50 miles of streets that are maintained by the City.

### **Long-Term Financial Planning**

As detailed within the following financial statements, the City's policy is to maintain a minimum unassigned General Fund balance equal to 25 percent of operating expenditures including Debt Service. Excess fund balances over reserve requirements will be used in subsequent periods for pay-as-you-go capital projects and one-time non-recurring expenditures.

As part of the financial strategic plan, the City millage rate remains stable using a Payment in Lieu of Taxes (PILOT) from the City utility services, which are operated on an enterprise, or business basis. The City Council approved a millage rate of 7.9 mills, which remained the same as the prior year. A comprehensive framework of financial policies was adopted in 2015 and is reviewed annually.

The City maintained sufficient cash reserves to operate the fiscal year without issuing a tax anticipation note. Various equipment and vehicles for its public safety departments were purchased and the City continued payments on the financing for Fire Trucks. Utility services, including water, sewer, gas and sanitation services maintained revenues above operational costs.

The City is expected to continue to develop as a preferred location for appropriate business and residential investment as the area economy continues to strengthen.

### **Relevant Financial Policies**

Throughout the year, the Finance department administered the City Council's approved Financial Management Program, which outlines policy within which the government's finances are maintained. These policies address fund balances, the use of one-time revenues, issuance of debt, purchasing and procurement, cash and investment management, and accounting practices. In totality, these policies formulate the core criteria for which internal evaluations occur. On an annual basis the criteria establishing the Financial Management Program are reviewed in order to maintain relativity to the changing financial needs of the government.

## **Major Initiatives**

Social Circle achieved numerous successes in Fiscal Year 2020. The new Friendship Park has added beauty and recreational advance to the City, and its citizens to be used for events and by the public to enjoy. A new fire engine was placed into service to replace one that was wrecked, as well as replacement of the new air equipment for the fire department to replace outdated equipment. The police department set into effect a Teen Leadership Academy and established a School Resource Officer Program that includes two officers. The finance department initiated a mobile service order program and began to electronically file journal entries and bank statements into the financial software. The City's transit department implemented route enhancements special routes set to support Downtown events and festivals within the City. Public works, which includes streets, cemetery, water, sewer. and gas, has accomplished much during the year. Improvements on public works vehicle and equipment were made, and many projects in each utility department were accomplished to aid the City in better serving its citizens.

## **Awards and Acknowledgments**

We are pleased to present the City's Comprehensive Annual Financial Report (CAFR), and submit the same to the Government Finance Officers Association (GFOA) for consideration in the Certificate of Achievement for Excellence in Financial Reporting program. We believe that our CAFR meets the program's requirements. This is the first time in which the City has applied for the CAFR Award.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Department of Finance. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of leadership and professionalism in the management of the City's finances.

Respectfully submitted,

Jennifer Fricks  
Finance Director



**PRINCIPAL OFFICIALS**

**Mayor and City Council**

David Keener

Mayor

City Council

Traysa Price

Tyson Jackson

Charlie Akin

Steve Shelton

Administration

Susan Roper

Adele Schirmer

Anthony Powell

City Clerk

City Manager

City Attorney

Will Brinkley

Police Chief

Amber McKibben

Mainstreet Director

Ken Zaydel

Fire Chief

Jennifer Fricks

Finance Director

Robbie Groves

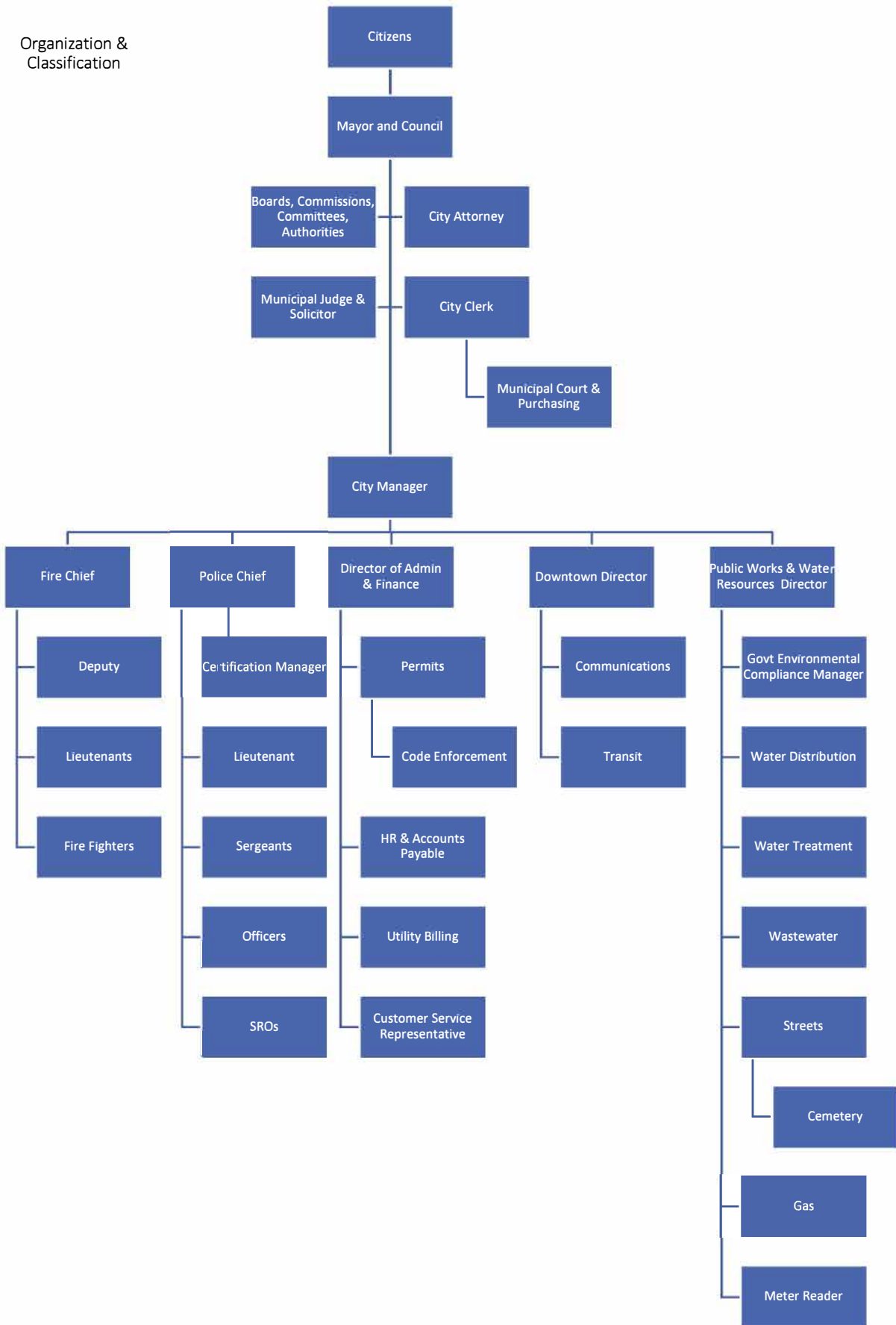
Interim Director of Public Works

Barbara Schlageter

Assistant Clerk for Planning & Development

# Organizational Chart

Organization & Classification



## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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**Honorable Mayor and Members  
of City Council  
City of Social Circle, Georgia**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Social Circle, Georgia** (the "City") as of and for the year ended June 30, 2020, 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.

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***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Social Circle, Georgia as of June 30, 2020, 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, the Schedule of Changes in the City's Net Pension Liability, and the Schedule of City Contributions, as listed in the table of contents, 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 Social Circle, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax, as required by the Official Code of Georgia 48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The combining and individual fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax 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 fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2021, on our consideration of the City of Social Circle, 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 effectiveness of the City of Social Circle, 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 Social Circle, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
February 4, 2021

**CITY OF SOCIAL CIRCLE, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Social Circle, Georgia we present management's analysis of the City's financial condition and activities for the fiscal year ended June 30, 2020. This information should be read and considered in conjunction with the financial statements.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2020 by \$26,698,557 (total net position).
- Of this amount, \$5,209,494 (unrestricted net position) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$1,407,341.
- At the close of fiscal year 2020 the City's governmental funds reported combined ending fund balances of \$2,457,716. Of this amount, \$1,230,386 or 50.06% is available for spending at the government's discretion (Unassigned fund balance). The remaining balance of \$1,227,330, is allocated as \$459,897 (Non-Spendable) and \$767,433 (Restricted).

**Overview of the Financial Statements**

Management's Discussion and Analysis (MD&A) serves as an introduction to the City of Social Circle's basic financial statements. The City's basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A should be read and considered with the basic audited financial statements and supplementary information.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with an overview of the City's finances in a manner similar to commercial enterprises.

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

The statement of activities presents information showing how the City's net position changed during the 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 the related cash flows. 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 property taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish between functions of the City 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 general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development. The business-type activities of the City include water and sewer, natural gas, and solid waste management.

**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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, 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 maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund and SPLOST Fund, which are considered major funds. The data from the two other funds, the non-major funds, is aggregated into a single presentation. The individual fund data for these funds is located in the combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison has been provided to demonstrate compliance with this budget. The City also adopted an annual budget for its special revenue and permanent funds. A project length budget was adopted for the capital project fund. Budgetary comparisons for the non-major funds are included as supplementary information. The City's legal level of budgeting control is at the department level for the General Fund and at the total expenditure level for the remaining funds.

**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 solid waste operations, water and sewer system operations and its natural gas system operations.

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 Natural Gas Fund are considered to be major funds of the City. The Solid Waste Fund is reported as a non-major fund.

**Notes to the financial statements.** The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's obligation in funding pension benefits to its employees.



## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources at the close of fiscal year 2020 by \$26,698,557.

The largest component of net position is investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding, which comprises \$19,828,765 or 74.27%. The City uses these capital assets to provide services to its 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 Social Circle Net Position

	Governmental Activities		Business Type Activities		Totals	
	2019	2020	2019	2020	2019	2020
<b>Assets:</b>						
Current assets	\$ 2,983,598	\$ 3,156,706	\$ 4,188,833	\$ 4,731,055	\$ 7,172,431	\$ 7,887,761
Restricted assets	-	-	466,260	473,210	466,260	473,210
Other assets	-	-	53,902	53,063	53,902	53,063
Capital assets	8,102,452	8,999,005	18,104,018	18,147,378	26,206,470	27,146,383
Total assets	11,086,050	12,155,711	22,813,013	23,404,706	33,899,063	35,560,417
<b>Deferred outflows of resources:</b>	106,554	122,981	36,781	111,106	143,335	234,087
<b>Liabilities:</b>						
Current liabilities	623,083	633,172	660,782	564,600	1,283,865	1,197,772
Long-term liabilities	475,575	914,164	6,743,602	6,815,878	7,219,177	7,730,042
Total liabilities	1,098,658	1,547,336	7,404,384	7,380,478	8,503,042	8,927,814
<b>Deferred inflows of resources:</b>	184,464	107,024	63,676	61,109	248,140	168,133
<b>Net position:</b>						
Net investment in capital assets	7,844,760	8,377,618	11,419,476	11,520,802	19,264,236	19,898,420
Restricted for:						
Public safety	57,635	29,233	-	-	57,635	29,233
Capital projects	468,293	654,214	466,260	473,210	934,553	1,127,424
Library expendable	77,581	83,986	-	-	77,581	83,986
Library nonexpendable	350,000	350,000	-	-	350,000	350,000
Unrestricted	1,111,213	1,129,281	3,495,998	4,080,213	4,607,211	5,209,494
Total net position	\$ 9,909,482	\$ 10,624,332	\$ 15,381,734	\$ 16,074,225	\$ 25,291,216	\$ 26,698,557

An additional portion of the City's net position, \$1,590,643 (5.96%), represents resources that are subject to external restrictions on how they may be used. \$433,986 for the library of which \$350,000 is nonexpendable, \$29,233 for public safety and \$1,127,424 for capital projects.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as whole, as well as for its separate governmental and business-type activities.

**Governmental Activities.** Governmental activities increased the City's net position by \$714,850.

**City of Social Circle Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
<b>Revenues:</b>						
Program Revenues:						
Charges for service	\$ 453,512	\$ 322,990	\$ 7,441,911	\$ 7,019,176	\$ 7,895,423	\$ 7,342,166
Operating grants and contributions	770,648	470,555	2,265	3,812	772,913	474,367
Capital grants and contributions	501,954	907,948	-	-	501,954	907,948
General revenues:						
Property taxes	1,541,257	1,568,979	-	-	1,541,257	1,568,979
Sales tax	719,844	842,364	-	-	719,844	842,364
Other Taxes	892,469	918,940	-	-	892,469	918,940
Investment earnings	15,267	18,558	28,213	9,370	43,480	27,928
Other	67,915	208	-	-	67,915	208
<b>Total revenue</b>	<b>4,962,866</b>	<b>5,050,542</b>	<b>7,472,389</b>	<b>7,032,358</b>	<b>12,435,255</b>	<b>12,082,900</b>
<b>Expenses:</b>						
General government	1,261,655	1,054,156	-	-	1,261,655	1,054,156
Judicial	43,157	67,394	-	-	43,157	67,394
Public safety	2,764,541	2,899,376	-	-	2,764,541	2,899,376
Public works	694,765	993,066	-	-	694,765	993,066
Health & Welfare	115,488	102,968	-	-	115,488	102,968
Culture and recreation	630,624	190,404	-	-	630,624	190,404
Housing and development	101,204	303,624	-	-	101,204	303,624
Interest and fiscal charges	20,196	9,662	-	-	20,196	9,662
Water and sewer	-	-	2,431,010	2,526,241	2,431,010	2,526,241
Natural gas	-	-	2,972,216	2,277,065	2,972,216	2,277,065
Solid waste	-	-	300,020	251,603	300,020	251,603
<b>Total Expenses</b>	<b>5,631,630</b>	<b>5,620,650</b>	<b>5,703,246</b>	<b>5,054,909</b>	<b>11,334,876</b>	<b>10,675,559</b>
Change in net position before transfers	(668,764)	(570,108)	1,769,143	1,977,449	1,100,379	1,407,341
Transfers	1,273,190	1,284,958	(1,273,190)	(1,284,958)	-	-
Increase (decrease) in net position	604,426	714,850	495,953	692,491	1,100,379	1,407,341
Net position - beginning	9,305,056	9,909,482	14,885,781	15,381,734	24,190,837	25,291,216
<b>Net position - ending</b>	<b>\$ 9,909,482</b>	<b>\$ 10,624,332</b>	<b>\$ 15,381,734</b>	<b>\$ 16,074,225</b>	<b>\$ 25,291,216</b>	<b>\$ 26,698,557</b>

**Revenues.** Property taxes of \$1,568,979 and sales tax of \$842,364 accounted for 52.04% of total general revenues and transfers.

The decrease in operating grants and contributions revenues for fiscal year 2020 as compared to fiscal year 2019 in the amount of \$300,093 is related to insurance reimbursements that were received in fiscal year 2019 associated with losses and a one-time Transportation Enhancement Grant reimbursement received in fiscal year 2019 associated with sidewalk replacement and rehabilitation. The increase in capital grants and contributions revenues for fiscal year 2020 over fiscal year 2019 in the amount of \$405,994 is associated primarily with a full year of the City's share of Walton County SPLOST proceeds as compared to the prior year where the first several months of SPLOST proceeds were retained by Walton County for a Countywide Emergency Dispatch communications upgrade.

The increase in public works expenses for fiscal year 2020 as compared to fiscal year 2019 in the amount of \$298,301 is related to the Friendship Park construction and downtown traffic signal replacement. The decrease in culture and recreation expenses for fiscal year 2020 as compared to fiscal year 2019 in the amount of \$440,220 is related to the City funded share of the Stanton Library expansion and renovation project that was completed in fiscal year 2019. The increase in housing and development expenses in the amount of \$202,420 was related to the Friendship Park.

Operating Grants and contributions of governmental activities consisted of the following:

- Section 18 Transportation Grant \$57,985
- FLPA \$4,959
- Bullet Proof Vest Grant \$2,300
- USDA Grant \$148,000
- SCBOE – Resource Officer \$107,146
- School Tax Collection Fee & School Elections \$13,575
- Housing Authority in Lieu of Taxes \$7,206
- Accident Reports, Criminal History Report, Open Record Requests, Passenger Fares, Cemetery Fees, Back to School Bash and Secret Santa Round-up Donations, Misc Donations, Facebook, Georgia Power and DDA Donations towards Friendship Park, and other Revenue \$129,384

Capital Grants and Contributions consisted of the following:

- TAP Grant \$65,287
- GDOT LMIG \$85,189
- SPLOST 2019 Proceeds \$757,053
- SPLOST Interest Revenue \$419

**Expenses.** The total expenses for the governmental activities is \$5,620,650. The largest single expense activity is public safety. Public safety includes the police department and the fire department. Total public safety expenses are \$2,899,376 or 51.58% of total governmental activities expenses.

Total program revenues, general revenues and transfers of governmental activities were more than expenses by \$714,850.

**Business-type activities.** Business-type activities increased the City's net position by \$676,429. Water and sewer revenues were stable from the prior year. Gas revenues were also stable. A modest increase in water is attributed to high temperatures during the summer months as well as a small rate increase. A decrease can be seen in gas due to industries suffering from the COVID pandemic, and lower natural gas prices.

The decrease in program revenues for business type activities in the amount of \$422,735 was due to lower gas revenues associated with lower wholesale gas prices since the billed cost of gas is wholesale plus City distribution fees. Wholesale gas prices were significantly lower in fiscal year 2020 than fiscal year 2019. This is also reflected in the expenses in Natural gas being lower in fiscal year 2020 than in fiscal year 2019, attributable to the lower wholesale cost of natural gas. The water system program revenues increased in fiscal year 2020 as compared to fiscal year 2019, however this increase was less than the natural gas decrease. The increase in water system expenses was associated with increased supply costs related to distribution system and treatment plant operations.

**Revenues.** Water and sewer charges for service were \$3,218,355. Natural gas charges for service were \$3,490,521. Solid Waste charges for service were \$310,300. Water and sewer revenue is derived from the sale of water and sewer services to the citizens and industries of the City. Natural gas revenue is derived from the sale of natural gas to the citizens and industries of the City, and a share of gas sales to the industries of Stanton Springs Industrial Park, which is adjacent to the City. Solid Waste revenue is derived from the billing of the service to pick up household garbage.

**Expenses.** Water and sewer operating expenses were \$2,252,104. Natural gas expenses were \$2,277,065. Solid Waste expenses were \$251,603.

### **Financial Analysis of the Government's Funds**

The City of Social Circle 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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,457,716. Approximately 50.20% of this amount or \$1,230,386 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is reported as Non-spendable, Restricted or Assigned and may only be used within the guidelines of those categories.

The General Fund is the chief operating fund of the City. At June 30, 2020 unassigned fund balance of the General Fund was \$1,230,386. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balances to total fund expenditures. Unassigned fund balance represents 21.34% of total General Fund expenditures and total General Fund fund balance represents 23.24% of total General Fund expenditures.

The SPLOST (Special purpose local option sales tax) continuation was approved by the Walton County voters in 2018 that took effect in January 2019. The City began receiving revenues from this SPLOST in the spring of 2019, after the Countywide tier 1 project to improve emergency dispatch communications was completed. In fiscal year 2020 funds in the amount of \$757,053 were received through the SPLOST. Allowable expenditures from the SPLOST funds are limited to the projects in the voter approved ballot. In fiscal year 2020, the City expended SPLOST funds on roadway paving, traffic signal replacement and intersection improvements, preliminary engineering for sidewalk extensions on Cherokee Road and E. Hightower, and air packs for the fire department.

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

Water revenues were flat with a slight increase due to increased consumption, and increased utility rates. Expenses also reflected slight increased operating costs attributable to significant repairs accomplished in the prior year. In the Gas Fund during the year, revenues were lower than the prior year due to industries not in operation due to COVID restrictions. Expenses in gas decreased from the prior year due to wholesale gas purchases. In Solid Waste revenues and expenses were slightly lower due to reduced sales.

Unrestricted net position of the Water and Sewer Fund at June 30, 2020 amounted to \$748,198; those of the Natural Gas Fund amounted to \$3,320,885; and those of the Solid Waste Fund amounted to \$80,785. The total change in Water and Sewer net position was \$374,816; the change in Natural Gas net position was \$291,133; and the change in Solid Waste net position was \$26,542.

**General Fund Budgetary Highlights**

General fund revenues were \$18,527, or 0.46%, more than the final budget. Which can be attributed to a variance in tax receipts.

General Fund expenditures were \$180,909 under budgeted. Primarily associated with the vacancies due to turnover in the Public Safety and Public Works departments.

**Capital Assets and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to \$27,146,383, (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, building and improvements, equipment and vehicles.

Major capital assets acquired or invested in during the current fiscal year include the following:

**GOVERNMENTAL CAPITAL ASSETS**

- Police Vehicles \$121,436
- Police Equipment \$80,272
- Fire Equipment \$181,716
- Fire Vehicles \$477,854
- Drainage Improvements \$18,460
- Paving Projects \$47,358
- Road Projects \$180,034
- Traffic Signal Project \$320,043

**WATER**

- Water Equipment \$32,722
- Water Infrastructure \$349,537

**GAS**

- Gas Infrastructure \$272,680

**City of Social Circle Capital Assets  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
Land	\$ 938,408	\$ 938,408	\$ -	\$ -	\$ 938,408	\$ 938,408
Construction in progress	7,900	295,976	342,570	-	350,470	295,976
Infrastructure	4,092,002	4,348,158	16,900,241	17,378,678	20,992,243	21,726,836
Building	2,224,320	2,100,236	836,412	-	3,060,732	2,100,236
Equipment and vehicles	839,822	1,316,227	24,795	768,700	864,617	2,084,927
<b>Total</b>	<b>\$ 8,102,452</b>	<b>\$ 8,999,005</b>	<b>\$ 18,104,018</b>	<b>\$ 18,147,378</b>	<b>\$ 26,206,470</b>	<b>\$ 27,146,383</b>

## Long-term Debt.

At the end of the current fiscal year, the City had total outstanding revenue bond and loan indebtedness in the amount of \$7,331,660. Water and sewerage revenue bonds account for \$6,246,238 and notes payable account for \$464,035. Governmental Activities account for \$621,387 in financed purchases.

### City of Social Circle Outstanding Debt Long-term Debt

	Governmental Activities		Business Type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Revenue bonds payable	\$ -	\$ -	\$ 6,245,432	\$ 6,246,238	\$ 6,245,432	\$ 6,246,238
Notes payable	-	-	418,685	464,035	418,685	464,035
Compensated absences	110,067	113,674	42,267	45,236	152,334	158,910
Net pension liability	107,816	179,103	37,218	60,369	145,034	239,472
Financed purchases payable	257,692	621,387	-	-	257,692	621,387
Total	\$ 475,575	\$ 914,164	\$ 6,743,602	\$ 6,815,878	\$ 7,219,177	\$ 7,730,042

Readers should refer to the notes to the financial statements for more detail on capital assets and long-term debt activity.

## Economic Factors

The economy of Social Circle continues to grow in strength as more industries move to the area. This is evidenced by increased building permits and value of construction, new home construction, new business starts in the downtown, and increasing local and regional industry operations and employment. The Stanton Springs Industrial Park, immediately adjacent to the City Limits is the location for a multibillion-dollar Facebook facility. This project is still underway. The construction is creating hundreds of construction and trades jobs through the 2020 year, and the finished facility will employ over 100 computer technicians.

The city's housing market is strong and housing supply is tight. The independent Social Circle City School system is sought after and listed homes in the City limits tend to be sold within weeks. The City continues to field expression of interest from residential developers. New home construction is steady and spread across the City in three developments and on larger lots. Several new businesses have located in the downtown area and the anchor stores continue to thrive. There remain a few vacant storefronts remaining in the downtown, potential new business inquiries continue. Reassessment of property values in 2019 reflected a continuation of modest appreciation in property values that was first apparent in 2015 following the recession. An increase in property tax revenue is a result of the increase tax assessed values.

Utility sales are stable and can be expected to increase reflecting increasing industrial activity as well as increases in population.

## 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 provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Social Circle, P.O. Box 310, Social Circle, Georgia, 30025.

# CITY OF SOCIAL CIRCLE, GEORGIA

## STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Main Street Commission	Downtown Development Authority	Development Authority
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,435,448	\$ 4,175,716	\$ 6,611,164	\$ 38,889	\$ 66,524	\$ 74,694
Accounts receivable, net of allowances	95,179	564,253	659,432	-	-	-
Taxes receivable, net of allowances	10,508	-	10,508	-	-	-
Internal balances	135,398	(135,398)	-	-	-	-
Due from other governments	370,276	88,076	458,352	-	-	-
Prepaid expenses	109,897	38,408	148,305	-	-	-
Restricted assets:						
Cash and cash equivalents	-	473,210	473,210	-	-	-
Other assets	-	39,021	39,021	-	-	-
Prepaid bond insurance	-	14,042	14,042	-	-	-
Capital assets:						
Non-depreciable	1,234,384	-	1,234,384	-	-	864,436
Depreciable, net of accumulated depreciation	7,764,621	18,147,378	25,911,999	-	-	-
<b>Total assets</b>	<b>12,155,711</b>	<b>23,404,706</b>	<b>35,560,417</b>	<b>38,889</b>	<b>66,524</b>	<b>939,130</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charges on refunding	-	69,655	69,655	-	-	-
Pension related items	122,981	41,451	164,432	-	-	-
<b>Total deferred outflows of resources</b>	<b>122,981</b>	<b>111,106</b>	<b>234,087</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>						
Accounts payable	490,176	119,766	609,942	-	-	-
Accrued liabilities	142,996	99,904	242,900	-	-	-
Customer deposits	-	344,930	344,930	-	-	-
Unearned revenue	-	25,034	25,034	-	-	-
Long-term liabilities:						
Portion due or payable within one year:						
Financed purchases	73,165	-	73,165	-	-	-
Notes payable	-	42,952	42,952	-	-	-
Bonds payable	-	147,000	147,000	-	-	-
Compensated absences	31,967	19,401	51,368	-	-	-
Portion due or payable in more than one year:						
Financed purchases	548,222	-	548,222	-	-	-
Notes payable	-	421,083	421,083	-	-	-
Bonds payable, net	-	6,099,238	6,099,238	-	-	-
Net pension liability	179,103	60,369	239,472	-	-	-
Compensated absences	81,707	25,835	107,542	-	-	-
<b>Total liabilities</b>	<b>1,547,336</b>	<b>7,405,512</b>	<b>8,952,848</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related items	107,024	36,075	143,099	-	-	-
<b>Total deferred inflows of resources</b>	<b>107,024</b>	<b>36,075</b>	<b>143,099</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Net investment in capital assets	8,377,618	11,520,802	19,898,420	-	-	864,436
Restricted for:						
Public safety	29,233	-	29,233	-	-	-
Capital projects	654,214	473,210	1,127,424	-	-	-
Library - expendable	83,986	-	83,986	-	-	-
Library - nonexpendable	350,000	-	350,000	-	-	-
Unrestricted	1,129,281	4,080,213	5,209,494	38,889	66,524	74,694
<b>Total net position</b>	<b>\$ 10,624,332</b>	<b>\$ 16,074,225</b>	<b>\$ 26,698,557</b>	<b>\$ 38,889</b>	<b>\$ 66,524</b>	<b>\$ 939,130</b>

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

# CITY OF SOCIAL CIRCLE, GEORGIA

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 1,054,156	\$ 19,542	\$ 155,124	\$ -
Judicial	67,394	112,375	-	-
Public safety	2,899,376	50,510	109,446	292,752
Public works	993,066	140,479	205,985	395,633
Health and welfare	102,968	-	-	-
Culture and recreation	190,404	84	-	219,563
Housing and development	303,624	-	-	-
Interest on long-term debt	9,662	-	-	-
Total governmental activities	5,620,650	322,990	470,555	907,948
Business-type activities:				
Water and sewer	2,526,241	3,218,355	3,812	-
Natural gas	2,277,065	3,490,521	-	-
Solid waste	251,603	310,300	-	-
Total business-type activities	5,054,909	7,019,176	3,812	-
Total primary government	\$ 10,675,559	\$ 7,342,166	\$ 474,367	\$ 907,948
<b>Component units:</b>				
Main Street Commission	\$ 44,506	\$ -	\$ 33,573	\$ -
Downtown Development Authority	42,018	6,976	-	-
Development Authority	17	-	-	-
Total component units	\$ 86,541	\$ 6,976	\$ 33,573	\$ -

General revenues:

- Property taxes
- Sales taxes
- Franchise taxes
- Business taxes
- Insurance premium tax
- Other taxes
- Unrestricted investment earnings
- Gain on disposal of capital assets
- Transfers
- Total general revenues and transfers
- Change in net position

Net position, beginning of year

Net position, end of year

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



Net (Expenses) Revenues and Changes in Net Position						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Main Street Commission	Downtown Development Authority	Development Authority	
\$ (879,490)	\$ -	\$ (879,490)	\$ -	\$ -	\$ -	
44,981	-	44,981	-	-	-	
(2,446,668)	-	(2,446,668)	-	-	-	
(250,969)	-	(250,969)	-	-	-	
(102,968)	-	(102,968)	-	-	-	
29,243	-	29,243	-	-	-	
(303,624)	-	(303,624)	-	-	-	
(9,662)	-	(9,662)	-	-	-	
<u>(3,919,157)</u>	<u>-</u>	<u>(3,919,157)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
-	695,926	695,926	-	-	-	
-	1,213,456	1,213,456	-	-	-	
-	58,697	58,697	-	-	-	
-	1,968,079	1,968,079	-	-	-	
<u>\$ (3,919,157)</u>	<u>\$ 1,968,079</u>	<u>\$ (1,951,078)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (10,933)	\$ -	\$ -	
-	-	-	-	(35,042)	-	
-	-	-	-	-	(17)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,933)</u>	<u>\$ (35,042)</u>	<u>\$ (17)</u>	
\$ 1,568,979	\$ -	\$ 1,568,979	\$ -	\$ -	\$ -	
842,364	-	842,364	-	-	-	
487,959	-	487,959	-	-	-	
25,487	-	25,487	-	-	-	
321,365	-	321,365	-	-	-	
84,129	-	84,129	-	-	-	
18,558	9,370	27,928	-	1,007	580	
208	-	208	-	-	-	
1,284,958	(1,284,958)	-	-	-	-	
<u>4,634,007</u>	<u>(1,275,588)</u>	<u>3,358,419</u>	<u>-</u>	<u>1,007</u>	<u>580</u>	
714,850	692,491	1,407,341	(10,933)	(34,035)	563	
9,909,482	15,381,734	25,291,216	49,822	100,559	938,567	
<u>\$ 10,624,332</u>	<u>\$ 16,074,225</u>	<u>\$ 26,698,557</u>	<u>\$ 38,889</u>	<u>\$ 66,524</u>	<u>\$ 939,130</u>	

# CITY OF SOCIAL CIRCLE, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2020

ASSETS	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$ 1,311,275	\$ 615,546	\$ 508,627	\$ 2,435,448
Taxes receivable, net of allowance	10,508	-	-	10,508
Accounts receivable	95,179	-	-	95,179
Due from other governments	198,285	171,991	-	370,276
Due from other funds	314,129	-	-	314,129
Prepaid items	109,897	-	-	109,897
Total assets	\$ 2,039,273	\$ 787,537	\$ 508,627	\$ 3,335,437
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 490,176	\$ -	\$ -	\$ 490,176
Accrued liabilities	135,320	-	-	135,320
Due to other funds	-	133,323	45,408	178,731
Total liabilities	625,496	133,323	45,408	804,227
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - sales taxes	65,072	-	-	65,072
Unavailable revenues - property taxes	8,422	-	-	8,422
Total deferred inflows of resources	73,494	-	-	73,494
<b>FUND BALANCES</b>				
Nonspendable:				
Permanent fund corpus	-	-	350,000	350,000
Prepays	109,897	-	-	109,897
Restricted:				
Library	-	-	83,986	83,986
Public safety	-	-	29,233	29,233
Capital projects	-	654,214	-	654,214
Unassigned	1,230,386	-	-	1,230,386
Total fund balances	1,340,283	654,214	463,219	2,457,716
Total liabilities, deferred inflows of resources and fund balances	\$ 2,039,273	\$ 787,537	\$ -	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.				8,999,005
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(742,737)
Some revenues are not available to pay current period expenditures and, therefore, are not reported in the funds.				73,494
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.				(163,146)
Net position of governmental activities				\$ 10,624,332

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

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 3,256,789	\$ -	\$ -	\$ 3,256,789
Licenses and permits	152,263	-	-	152,263
Intergovernmental	341,171	907,529	-	1,248,700
Fines and forfeitures	112,375	-	50,510	162,885
Charges for services	7,842	-	-	7,842
Interest income	12,136	419	6,422	18,977
Miscellaneous	129,384	-	-	129,384
Total revenues	<u>4,011,960</u>	<u>907,948</u>	<u>56,932</u>	<u>4,976,840</u>
<b>Expenditures</b>				
Current:				
General government	1,066,831	-	-	1,066,831
Judicial	67,394	-	-	67,394
Public safety	3,328,856	9,315	78,929	3,417,100
Public works	724,696	662,712	-	1,387,408
Health and welfare	103,362	-	-	103,362
Culture and recreation	139,639	50,000	-	189,639
Housing and development	304,096	-	-	304,096
Debt service:				
Principal retirements	21,443	-	-	21,443
Interest	10,359	-	-	10,359
Total expenditures	<u>5,766,676</u>	<u>722,027</u>	<u>78,929</u>	<u>6,567,632</u>
Excess (deficiency) of revenues over expenditures	<u>(1,754,716)</u>	<u>185,921</u>	<u>(21,997)</u>	<u>(1,590,792)</u>
<b>Other financing sources</b>				
Transfers in	1,294,274	-	-	1,294,274
Proceeds from sale of capital assets	208	-	-	208
Issuance of financed purchase	385,138	-	-	385,138
Total other financing sources	<u>1,679,620</u>	<u>-</u>	<u>-</u>	<u>1,679,620</u>
Net change in fund balances	(75,096)	185,921	(21,997)	88,828
<b>Fund balances, beginning of year</b>	<u>1,415,379</u>	<u>468,293</u>	<u>485,216</u>	<u>2,368,888</u>
<b>Fund balances, end of year</b>	<u>\$ 1,340,283</u>	<u>\$ 654,214</u>	<u>\$ 463,219</u>	<u>\$ 2,457,716</u>

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

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Net change in fund balances - total governmental funds	\$	88,828
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		905,869
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals and donations) is to decrease net position.		(9,316)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		73,494
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(363,695)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		19,670
		<hr/>
Change in net position - governmental activities	\$	<u><u>714,850</u></u>

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

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 3,225,837	\$ 3,225,837	\$ 3,256,789	\$ 30,952
Licenses and permits	105,826	105,826	152,263	46,437
Fines and forfeitures	131,741	131,741	112,375	(19,366)
Interest income	4,057	4,057	12,136	8,079
Charges for services	9,885	9,885	7,842	(2,043)
Intergovernmental	417,062	417,062	341,171	(75,891)
Miscellaneous	99,025	99,025	129,384	30,359
Total revenues	<u>3,993,433</u>	<u>3,993,433</u>	<u>4,011,960</u>	<u>18,527</u>
<b>Expenditures</b>				
Current:				
General government:				
Governing body	138,370	138,370	126,388	11,982
Chief executive	290,701	290,701	285,210	5,491
Board of elections	8,270	8,270	8,270	-
Financial administration	605,316	605,316	603,100	2,216
Law	50,000	50,000	43,863	6,137
Total general government	<u>1,092,657</u>	<u>1,092,657</u>	<u>1,066,831</u>	<u>25,826</u>
Judicial:				
Municipal court	67,394	67,394	67,394	-
Total judicial	<u>67,394</u>	<u>67,394</u>	<u>67,394</u>	<u>-</u>
Public safety:				
Police	1,598,583	1,598,583	1,580,388	18,195
Fire	1,762,244	1,762,244	1,748,468	13,776
Total public safety	<u>3,360,827</u>	<u>3,360,827</u>	<u>3,328,856</u>	<u>31,971</u>
Public works:				
Highways and streets	714,271	714,271	624,141	90,130
Cemetery	117,091	117,091	100,555	16,536
Total public works	<u>831,362</u>	<u>831,362</u>	<u>724,696</u>	<u>106,666</u>
Health and welfare:				
Transportation services	109,890	109,890	103,362	6,528
Total health and welfare	<u>109,890</u>	<u>109,890</u>	<u>103,362</u>	<u>6,528</u>
Culture and recreation:				
Library	143,099	143,099	139,639	3,460
Total culture and recreation	<u>143,099</u>	<u>143,099</u>	<u>139,639</u>	<u>3,460</u>
Housing and development:				
Urban redevelopment and housing	5,500	5,500	3,071	2,429
Economic development and assistance	302,856	302,856	301,025	1,831
Total housing and development	<u>308,356</u>	<u>308,356</u>	<u>304,096</u>	<u>4,260</u>
Debt service:				
Principal	22,000	22,000	21,443	557
Interest	12,000	12,000	10,359	1,641
Total debt service	<u>34,000</u>	<u>34,000</u>	<u>31,802</u>	<u>2,198</u>
Total expenditures	<u>5,947,585</u>	<u>5,947,585</u>	<u>5,766,676</u>	<u>180,909</u>
Deficiency of revenues over expenditures	(1,954,152)	(1,954,152)	(1,754,716)	199,436
<b>Other financing sources</b>				
Transfers in	1,306,844	1,306,844	1,294,274	(12,570)
Proceeds from sale of capital assets	-	-	208	208
Proceeds from financed purchase	385,139	385,139	385,138	(1)
Total other financing sources	<u>1,691,983</u>	<u>1,691,983</u>	<u>1,679,620</u>	<u>(12,363)</u>
Net change in fund balances	(262,169)	(262,169)	(75,096)	187,073
<b>Fund balance, beginning of year</b>	<u>1,415,379</u>	<u>1,415,379</u>	<u>1,415,379</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,153,210</u>	<u>\$ 1,153,210</u>	<u>\$ 1,340,283</u>	<u>\$ 187,073</u>

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

# CITY OF SOCIAL CIRCLE, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2020

ASSETS	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 638,221	\$ 3,487,456	\$ 50,039	\$ 4,175,716
Accounts receivable, net	272,734	238,751	52,768	564,253
Due from other funds	27,464	-	2,604	30,068
Due from other governments	87,734	342	-	88,076
Prepaid items	34,718	3,690	-	38,408
	1,060,871	3,730,239	105,411	4,896,521
<b>Restricted assets</b>				
Cash and cash equivalents	473,210	-	-	473,210
	1,534,081	3,730,239	105,411	5,369,731
<b>NONCURRENT ASSETS</b>				
Prepaid bond insurance	14,042	-	-	14,042
Other assets	39,021	-	-	39,021
	53,063	-	-	53,063
<b>CAPITAL ASSETS</b>				
Depreciable, net of accumulated depreciation	14,312,099	3,835,279	-	18,147,378
	14,312,099	3,835,279	-	18,147,378
	15,899,243	7,565,518	105,411	23,570,172
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	69,655	-	-	69,655
Pension related items	32,377	9,074	-	41,451
	102,032	9,074	-	111,106
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	-	119,766	-	119,766
Accrued liabilities	94,853	5,051	-	99,904
Customer deposits	126,589	218,341	-	344,930
Unearned revenue	25,034	-	-	25,034
Due to other funds	91,690	49,150	24,626	165,466
Compensated absences payable - current	14,396	5,005	-	19,401
Revenue bonds payable - current	147,000	-	-	147,000
Notes payable - current	42,952	-	-	42,952
	542,514	397,313	24,626	964,453
<b>NONCURRENT LIABILITIES</b>				
Revenue bonds payable	6,099,238	-	-	6,099,238
Notes payable	421,083	-	-	421,083
Net pension liability	47,152	13,217	-	60,369
Compensated absences payable	25,835	-	-	25,835
	6,593,308	13,217	-	6,606,525
	7,135,822	410,530	24,626	7,570,978
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	28,177	7,898	-	36,075
	28,177	7,898	-	36,075
<b>NET POSITION</b>				
Net investment in capital assets	7,685,523	3,835,279	-	11,520,802
Restricted for capital projects	473,210	-	-	473,210
Unrestricted	678,543	3,320,885	80,785	4,080,213
	\$ 8,837,276	\$ 7,156,164	\$ 80,785	\$ 16,074,225

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

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-type Activities - Enterprise Funds			Totals
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 3,218,355	\$ 3,490,521	\$ 310,300	\$ 7,019,176
Total operating revenues	3,218,355	3,490,521	310,300	7,019,176
<b>OPERATING EXPENSES</b>				
Cost of sales and services	37,347	1,834,081	-	1,871,428
General operating expenses	1,745,017	291,829	251,603	2,288,449
Depreciation	469,740	151,155	-	620,895
Total operating expenses	2,252,104	2,277,065	251,603	4,780,772
Operating income	966,251	1,213,456	58,697	2,238,404
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	9,370	-	-	9,370
Interest expense	(274,137)	-	-	(274,137)
Other revenue	3,812	-	-	3,812
Total non-operating expenses	(260,955)	-	-	(260,955)
Income before transfers and contributions	705,296	1,213,456	58,697	1,977,449
Transfers out	(339,796)	(922,323)	(32,155)	(1,294,274)
Capital contributions	9,316	-	-	9,316
Change in net position	374,816	291,133	26,542	692,491
<b>Net position, beginning of year</b>	8,462,460	6,865,031	54,243	15,381,734
<b>Net position, end of year</b>	<u>\$ 8,837,276</u>	<u>\$ 7,156,164</u>	<u>\$ 80,785</u>	<u>\$ 16,074,225</u>

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

# CITY OF SOCIAL CIRCLE, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 3,212,286	\$ 3,557,903	\$ 294,267	\$ 7,064,456
Payments to suppliers	(1,074,438)	(2,109,761)	(256,377)	(3,440,576)
Payments to employees	(859,483)	(228,659)	-	(1,088,142)
Net cash provided by operating activities	1,278,365	1,219,483	37,890	2,535,738
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Other receipts	3,812	-	-	3,812
Transfers out to other funds	(339,796)	(922,323)	(32,155)	(1,294,274)
Net cash used in non-capital financing activities	(335,984)	(922,323)	(32,155)	(1,290,462)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(382,259)	(272,680)	-	(654,939)
Principal payments on bonds payable	(115,000)	-	-	(115,000)
Issuance of bonds	2,029,000	-	-	2,029,000
Deposits with escrow agents	(1,958,950)	-	-	(1,958,950)
Principal payments on notes payable	(42,384)	-	-	(42,384)
Interest and bond issuance costs paid	(328,446)	-	-	(328,446)
Net cash used in capital and related financing activities	(798,039)	(272,680)	-	(1,070,719)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	9,370	-	-	9,370
Net cash provided by investing activities	9,370	-	-	9,370
Net increase in cash and cash equivalents	153,712	24,480	5,735	183,927
Cash and cash equivalents, beginning of year	957,719	3,462,976	44,304	4,464,999
Cash and cash equivalents, end of year	\$ 1,111,431	\$ 3,487,456	\$ 50,039	\$ 4,648,926
<b>Classified as:</b>				
Cash and cash equivalents	\$ 638,221	\$ 3,487,456	\$ 50,039	\$ 4,175,716
Restricted cash and cash equivalents	473,210	-	-	473,210
	\$ 1,111,431	\$ 3,487,456	\$ 50,039	\$ 4,648,926

(Continued)



**CITY OF SOCIAL CIRCLE, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 966,251	\$ 1,213,456	\$ 58,697	\$ 2,238,404
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	469,740	151,155	-	620,895
Changes in assets, deferred outflows/inflows of resources and liabilities:				
(Increase) decrease in accounts receivable	(14,402)	67,382	(14,936)	38,044
Decrease in due from other governments	-	-	90	90
Increase in due from other funds	(16,701)	-	(1,187)	(17,888)
Increase in prepaid items	(3,643)	(298)	-	(3,941)
Increase in pension related deferred outflows of resources	(4,014)	(656)	-	(4,670)
Decrease in accounts payable	(14,023)	(77,931)	(60)	(92,014)
Decrease in accrued liabilities	(115)	(2,125)	-	(2,240)
Increase in customer deposits	16,596	12,725	-	29,321
Increase in net pension liability	18,453	4,698	-	23,151
Decrease in pension related deferred inflows of resources	(20,924)	(6,677)	-	(27,601)
Increase in compensated absences payable	284	2,685	-	2,969
Increase in unearned revenue	25,034	-	-	25,034
Decrease in due to other funds	(144,171)	(144,931)	(4,714)	(293,816)
Net cash provided by operating activities	<u>\$ 1,278,365</u>	<u>\$ 1,219,483</u>	<u>\$ 37,890</u>	<u>\$ 2,535,738</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets transferred from Governmental Activities	<u>\$ 9,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,316</u>

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

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**JUNE 30, 2020**

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	<b>ASSETS</b>	<b>Board of Education Fund</b>
Cash		\$ 14,141
Taxes receivable		53,598
		<hr/>
Total assets		<b>\$ 67,739</b>
		<hr/> <hr/>
	<b>LIABILITIES</b>	
Due to others		\$ 23,262
Uncollected taxes		44,477
		<hr/>
Total liabilities		<b>\$ 67,739</b>
		<hr/> <hr/>

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

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

Incorporated in 1904, under the laws of the State of Georgia, the City of Social Circle is governed by a five member Mayor/Council form of government. The mayor and council are elected to four-year terms. The Mayor and the other four council members serve on a part-time basis. The Mayor and council appoint a city manager to handle the daily operations of the City.

The City’s major operations include public safety, public works maintenance, culture and recreation, housing and development, utility services and general administrative services. In addition, the City exercises sufficient control over other governmental entities that are included as part of the City’s reporting entity.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

In February 2017, the City entered into a MOU with the Social Circle Main Street Commission to serve as the governing body for the Social Circle Main Street program.

Social Circle Main Street Commission was activated by resolution in 2017 to promote and revitalize the downtown business district of Social Circle, oversee the Main Street Program as described in the rules and regulations of the Georgia Department of Community Affairs, and raise and oversee the use of contributed private capital for Main Street program initiatives. The Governing body of Social Circle Main Street Commission consists of 15 individuals appointed by City Council and the Social Circle City Manager, who serves as an ex-officio member. Although the City does not have the authority to approve or modify Social Circle Main Street Commission grants and contributions funded budgets, the City provides a significant amount of their operating support. Social Circle Main Street Commission does not issue separate financial statements and is included as a discretely presented component unit in the City’s financial report.

## NOTES TO FINANCIAL STATEMENTS

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

#### **A. Reporting Entity (Continued)**

The Downtown Development Authority was activated by resolution in 1984 to promote and further develop trade, commerce, industry and employment opportunities within the central business district of the City of Social Circle, Georgia. It operates under a seven member board, which is all appointed by the City Council members. The Authority does not issue separate financial statements and is included as a discretely presented component unit in the City's financial report.

The Development Authority was activated by resolution in 1988 to promote and further develop trade, commerce, industry and employment opportunities within the City of Social Circle, Georgia. It operates under a seven member board, which is all appointed by the City Council members. The City also guarantees the interest payments on the Authority's debt. The Authority does not issue separate financial statements and is included as a discretely presented component unit in the City's financial report.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are normally 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 the legally separate component unit for which the primary government is financially accountable. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

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 considered program revenues are reported instead as general revenues.

## NOTES TO FINANCIAL STATEMENTS

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

#### **B. Government-wide and Fund Financial Statements (Continued)**

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 Basis of Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers intergovernmental revenues to be available if they are collected within 90 days and all other revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, 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 City.

## NOTES TO FINANCIAL STATEMENTS

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

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

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The **Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating to the City's 2013 Special Purpose Local Option Sales tax referendum.

The City reports the following major enterprise funds:

The **Water and Sewer Fund** accounts for the operation, maintenance and development of the City's water and sewer system and services.

The **Natural Gas Fund** accounts for the operation, maintenance and development of the City's natural gas system.

The City also reports the following fund types:

The **special revenue fund** accounts for revenue sources that are legally restricted to expenditures for specific purposes, such as law enforcement.

The **Solid Waste Fund** accounts for the activities associated with the collection of residential garbage, including recyclables, non-recyclables and yard waste. Activity is rendered on a user charge basis.

The **permanent fund** accounts for the operations of the City's Library endowment for which the corpus of the investments held in this fund cannot be used.

## NOTES TO FINANCIAL STATEMENTS

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

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

The **agency fund** is accounted for on the accrual basis of accounting, and is used to account for the collection and disbursement of property taxes by the City on behalf of the City of Social Circle Board of Education.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### D. Budgets

Annual appropriated budgets are adopted for all governmental funds, with the exception of capital projects funds for which project length budgets are adopted. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. The City does not use encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation.

## NOTES TO FINANCIAL STATEMENTS

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

#### E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States Government or one of its agencies; (4) obligations of any corporation of the United States Government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Investments are reported at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

#### F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is 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."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules.



## NOTES TO FINANCIAL STATEMENTS

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

#### G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

#### H. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for non-infrastructure tangible assets, \$50,000 for intangible assets and \$100,000 for infrastructure and an estimated useful life in excess of one year, five years and five years, respectively. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. In accordance with GASB 34, infrastructure assets acquired prior to June 30, 1999 have not been capitalized.

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

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure	15-99
Buildings and improvements	20-50
Vehicles	5-10
Furniture and fixtures	3-10
Machinery and equipment	3-10

## NOTES TO FINANCIAL STATEMENTS

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

#### I. Restricted Assets

Expenditures of the Stanton Library Permanent Fund are restricted per the terms of the bequest for the following purposes: maintenance of the library building, purchase of books for the library, purchase of items to aid the impaired, and to assist in meeting cultural opportunities for the City.

Capacity recovery charges within business-type activities have been restricted for capital projects in accordance with the City Charter, Section 1.12.

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has several items that qualify for reporting in this category. One is the deferred charge on refunding which is reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

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

## NOTES TO FINANCIAL STATEMENTS

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

#### J. Deferred Outflows/Inflows of Resources (Continued)

The City has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

#### K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### L. 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 are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### M. Fund Equity

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

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

Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

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

*Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Council. Only the City Council may modify or rescind the commitment.

*Assigned* – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Council has expressly delegated to the Finance Director the authority to assign funds for particular purposes.

*Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund.

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

## NOTES TO FINANCIAL STATEMENTS

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

#### M. Fund Equity (Continued)

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

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

#### N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Social Circle Retirement Plan (the “Plan”) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### O. Management Estimates

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

#### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$742,737 difference are as follows:

Financed purchase payable	\$ (621,387)
Accrued interest payable	(7,676)
Compensated absences	<u>(113,674)</u>
Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (742,737)</u></u>

Another element of that reconciliation states that “deferred outflows of resources, deferred inflows of resources and the net pension liability are not expected to be liquidated with expendable available resources and, therefore, are not reported in the funds.” The details of this \$163,146 difference are as follows:

Net pension liability	\$ (179,103)
Deferred outflows of resources	122,981
Deferred inflows of resources	<u>(107,024)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (163,146)</u></u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

#### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$905,869 difference are as follows:

Capital outlay	\$ 1,667,891
Depreciation expense	(762,022)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 905,869

Another element of the reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$363,695 difference are as follows:

Principal repayments on financed purchases	\$ (21,443)
Issuance of financed purchases	385,138
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 363,695

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$19,670 difference are as follows:

Compensated absences	\$ (3,607)
Pension expense	22,580
Accrued interest	697
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 19,670

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Social Circle, Georgia employs the following procedures in establishing its annual budget:

1. Prior to July 1, the City Manager and the Council Budget Committee prepare a proposed budget for the fiscal year commencing July 1. The proposed budget is submitted to the Mayor and City Council. The operating budget includes proposed expenditures and the means for financing them.
2. The City Council holds a public hearing on the budget of the City of Social Circle, Georgia.
3. The budget is then revised and adopted or amended by the City Council at a subsequent regular meeting in the year to which it applies and within forty-five days following July 1.
4. The adopted budget may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing same, for anything above the legal level of budgetary control, which is the department level. The final budget amounts shown in these financial statements reflect amendments approved by the City Council.

For the year ended June 30, 2020, there were no expenditures that exceeded final budget in the General Fund departments.

### NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2020 are summarized as follows:

Amounts as presented on the entity wide statement of net position:	
Cash and cash equivalents	\$ 6,611,164
Restricted cash and cash equivalents	473,210
Cash as presented on the Statement of Fiduciary Assets and Liabilities	14,141
Total	<u>\$ 7,098,515</u>
Cash deposited with financial institutions	\$ 2,308,373
Cash deposited with Georgia Fund One	4,790,142
	<u>\$ 7,098,515</u>

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



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

The local government investment pool, "Georgia Fund 1" created by OCGA 36-83-8 is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in Georgia Fund 1 is reported at fair value. At June 30, 2020, the Georgia Fund One weighted average maturity was 38 days.

Increases or decreases in the fair value during the year are recognized as a component of interest income.

**Custodial Credit Risk – Deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments and the Georgia Fund 1) to be collateralized by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2020, the financial institution holding all of the City's deposits, other than Georgia Fund 1 deposits, is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2020, all of the City's bank balances were insured and/or collateralized as defined by GASB and required State Statutes.

### NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City bills and collects its own property taxes. The taxes are levied by September 20 based on the assessed value of property as listed on the previous January 1 and are due on December 20.

Property taxes are recorded as receivables and deferred inflows of resources when assessed. Revenues are recognized when available.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES (CONTINUED)

Receivables at June 30, 2020, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>SPLOST</u>	<u>Water &amp; Sewer</u>	<u>Natural Gas</u>	<u>Other Enterprise</u>
Receivables:					
Taxes	\$ 17,199	\$ -	\$ -	\$ -	\$ -
Accounts	95,179	-	464,542	276,030	87,931
Other governments	198,285	171,991	87,734	342	-
Less allowance for uncollectible	6,691	-	191,808	37,279	35,163
Net total receivable	<u>\$ 303,972</u>	<u>\$ 171,991</u>	<u>\$ 360,468</u>	<u>\$ 239,093</u>	<u>\$ 52,768</u>

### NOTE 6. CAPITAL ASSETS

#### Primary Government

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers to Water Fund</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 938,408	\$ -	\$ -	\$ -	\$ 938,408
Construction in progress	7,900	288,076	-	-	295,976
Total	<u>946,308</u>	<u>288,076</u>	<u>-</u>	<u>-</u>	<u>1,234,384</u>
Capital assets, being depreciated:					
Infrastructure	5,363,703	500,076	-	-	5,863,779
Buildings and improvements	3,999,939	-	-	-	3,999,939
Equipment, furniture & vehicles	3,400,351	879,739	(493,997)	(9,316)	3,776,777
Total	<u>12,763,993</u>	<u>1,379,815</u>	<u>(493,997)</u>	<u>(9,316)</u>	<u>13,640,495</u>
Less accumulated depreciation for:					
Infrastructure	(1,271,701)	(243,920)	-	-	(1,515,621)
Buildings and improvements	(1,775,619)	(124,084)	-	-	(1,899,703)
Equipment, furniture & vehicles	(2,560,529)	(394,018)	493,997	-	(2,460,550)
Total	<u>(5,607,849)</u>	<u>(762,022)</u>	<u>493,997</u>	<u>-</u>	<u>(5,875,874)</u>
Total capital assets, being depreciated, net	<u>7,156,144</u>	<u>617,793</u>	<u>-</u>	<u>(9,316)</u>	<u>7,764,621</u>
Governmental activities capital assets, net	<u>\$ 8,102,452</u>	<u>\$ 905,869</u>	<u>\$ -</u>	<u>\$ (9,316)</u>	<u>\$ 8,999,005</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ 342,570	\$ 87,481	\$ -	\$ (430,051)	\$ -
Total	342,570	87,481	-	(430,051)	-
Capital assets, being depreciated:					
Infrastructure	24,647,420	544,052	-	430,051	25,621,523
Machinery & equipment	1,261,630	23,406	(6,564)	29,384	1,307,856
Vehicles	360,347	-	(9,500)	(20,068)	330,779
Total	26,269,397	567,458	(16,064)	439,367	27,260,158
Less accumulated depreciation for:					
Infrastructure	(7,747,179)	(495,669)	-	-	(8,242,848)
Machinery & equipment	(425,218)	(101,835)	6,564	(20,068)	(540,557)
Vehicles	(335,552)	(23,391)	9,500	20,068	(329,375)
Total	(8,507,949)	(620,895)	16,064	-	(9,112,780)
Total capital assets, being depreciated, net	17,761,448	(53,437)	-	439,367	18,147,378
Governmental activities capital assets, net	\$ 18,104,018	\$ 34,044	\$ -	\$ 9,316	\$ 18,147,378

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

Governmental activities:	
General government	\$ 280,224
Public safety	373,561
Public works	107,473
Culture and recreation	764
Total depreciation expense - governmental activities	\$ 762,022
Business-type activities:	
Water & sewer	\$ 469,740
Natural gas	151,155
Total depreciation expense - business-type activities	\$ 620,895

#### **Development Authority**

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 864,436	\$ -	\$ -	\$ 864,436
Total	864,436	-	-	864,436
Total capital assets, net	\$ 864,436	\$ -	\$ -	\$ 864,436

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT

#### Primary Government

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Financed purchase payable	\$ 257,692	\$ 385,138	\$ (21,443)	\$ 621,387	\$ 73,165
Compensated absences	110,067	34,560	(30,953)	113,674	31,967
Net pension liability	107,816	350,986	(279,699)	179,103	-
Governmental activities Long-term liabilities	<u>\$ 475,575</u>	<u>\$ 770,684</u>	<u>\$ (332,095)</u>	<u>\$ 914,164</u>	<u>\$ 105,132</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 6,125,000	\$ 2,029,000	\$ (2,045,000)	\$ 6,109,000	\$ 147,000
Add: Premium	145,409	-	(8,171)	137,238	-
Less: Discount	(24,977)	-	24,977	-	-
Net bonds payable	6,245,432	2,029,000	(2,028,194)	6,246,238	147,000
Note payable	418,685	87,734	(42,384)	464,035	42,952
Compensated absences	42,267	18,097	(15,128)	45,236	19,401
Net pension liability	37,218	118,305	(95,154)	60,369	-
Business-type activities Long-term liabilities	<u>\$ 6,743,602</u>	<u>\$ 2,253,136</u>	<u>\$ (2,180,860)</u>	<u>\$ 6,815,878</u>	<u>\$ 209,353</u>

For governmental funds, compensated absences and the net pension liability are liquidated by the General Fund.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

**Revenue Bonds.** In March 2010, the City issued Revenue Bonds (Series 2010) in the original amount of \$1,930,000 bearing interest at a rate of 4.50% payable each February 1 and August 1 beginning 2010 through 2035. The bonds were issued for the purpose of refunding the 1974 bonds and certain Georgia Environmental Facilities Authority loans outstanding as well as for the construction of extensions, additions, and improvements to the City's water and sewerage system. The bonds were fully refunded in April 2020 and the City issued new Revenue Bonds.

In November 2015, the City issued Revenue Bonds (Series 2015) in the original amount of \$4,530,000 bearing interest at rates ranging from 2.0% to 4.0% payable each February 1 and August 1 beginning 2017 through 2045. The bonds were issued for the purpose of (i) prepaying in full certain outstanding loans obtained from Georgia Environmental Finance Authority (ii) acquire, construct, and equip certain additions and improvements to the City's Combined System (iii) purchase debt service reserve surety bonds for payment of the Series 2015 Bonds; and (iv) pay necessary costs of issuing the Series 2015 Bonds. The bonds are secured by the net revenues of the City's utility system.

In April 2020, the City issued \$2,029,000 of Revenue Refunding Bonds (Series 2020). The purpose of the refunding was to fully refund \$1,930,000 of the Revenue Bonds, Series 2010. The Series 2020 bonds bear interest at a rate of 2.67% payable each February 1 and August 1 beginning 2020 through 2035. In the event the City is unable to make payments as they become due and payable or is rendered incapable of fulfilling its obligations under the Bond resolution, the Bondholders may proceed to protect and enforce their rights by a lawsuit or legal action. The refunding transaction resulted in aggregate debt service savings of \$352,403 and an economic gain (net present value of the aggregate debt service savings) of \$292,208.

The debt service to maturity on the revenue bonds is as follows:

Year Ending June 30,	Revenue Bonds		Total
	Principal	Interest	
2021	\$ 147,000	\$ 190,016	\$ 337,016
2022	135,000	203,753	338,753
2023	140,000	199,736	339,736
2024	145,000	195,569	340,569
2025	146,000	191,253	337,253
2026-2030	922,000	882,365	1,804,365
2031-2035	1,534,000	712,929	2,246,929
2036-2040	1,325,000	486,000	1,811,000
2041-2045	1,615,000	198,800	1,813,800
Total	\$ 6,109,000	\$ 3,260,421	\$ 9,369,421

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

**Notes From Direct Borrowings.** The City is contractually obligated to repay a portion of the debt service related to the Georgia Environmental Finance Authority notes issued by the Four County Industrial Development Authority for the purpose of financing the expansion of water lines in the Four County Industrial Site. The City's share in underlying debt is 8%, amounting to an original amount of \$39,021. Quarterly principal and interest payments will be made through 2023.

In May 2019, the City incurred debt to the Georgia Environmental Finance Authority to finance the installation and relocation of gravity sewer and water lines. The principal amount of the note was \$411,049 and bears interest at a fixed rate of 1.06% payable at the beginning of each month beginning June 2019 until 2029 with monthly payments totaling \$3,612.

The City's notes payable debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2021	\$ 42,952	\$ 4,016	\$ 46,968
2022	43,531	3,436	46,967
2023	41,370	2,877	44,247
2024	40,905	2,435	43,340
2025	41,341	2,000	43,341
2026-2029	166,202	3,547	169,749
Total	<u>\$ 376,301</u>	<u>\$ 18,311</u>	<u>\$ 394,612</u>

In November 2019, the City executed a promissory note to the Georgia Environmental Finance Authority (GEFA) to borrow up to \$925,000 from the Drinking Water State Revolving Fund for various water system upgrades. As of June 30, 2020, the City had made draws totaling \$87,734 on this note payable to GEFA. As the project is still in the construction phase, an amortization schedule has not been determined for this note and thus the entire payable reports as due in more than one year.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM DEBT (CONTINUED)

**Financed Purchase From Direct Borrowing.** The City has entered into a purchase agreement to finance the acquisition of two fire trucks. The financed purchase is for a period of fifteen years, at an interest rate of 3.3%.

In January 2020, the City entered into a purchase agreement to purchase a fire truck. The financed purchase is for a period of eight years at an interest rate of 2.61%.

As of June 30, 2020 the future payments for the financed purchase from direct borrowing are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2021	\$ 73,165	\$ 19,549	\$ 92,714
2022	75,389	17,325	92,714
2023	77,684	15,030	92,714
2024	80,052	12,663	92,715
2025	82,495	10,219	92,714
2026-2029	232,602	16,434	249,036
Total	<u>\$ 621,387</u>	<u>\$ 91,220</u>	<u>\$ 712,607</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020 is as follows:

Due to/from other funds:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General fund	Water and sewer fund	\$ 91,690
General fund	Natural gas fund	19,096
General fund	Nonmajor enterprise fund	24,612
General fund	SPLOST fund	133,323
General fund	Nonmajor governmental fund	45,408
Water and sewer fund	Natural gas fund	27,450
Water and sewer fund	Nonmajor enterprise fund	14
Nonmajor enterprise fund	Natural gas fund	2,604
		\$ 344,197

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General fund	Water and sewer fund	\$ 339,796
General fund	Natural gas fund	922,323
General fund	Nonmajor enterprise fund	32,155
		\$ 1,294,274

Transfers are used to (1) move unrestricted revenues from the enterprise funds to the General Fund to support operations in the General Fund to keep the millage rate lower for the citizens of the City.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLAN

#### Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Social Circle Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials who are immediately eligible, who work forty hours or more per week are eligible to participate after one year. Benefits vest after ten years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 1.25% of final average earnings in excess of covered compensation. Eligible employees as of January 1, 2014, are entitled to benefits of 1.45%. An employee may elect early retirement at age 55 provided he has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to \$38 per year for each year of service after reaching normal retirement age.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (CONTINUED)

#### Plan Description (Continued)

*Plan Membership.* At January 1, 2020, the date of the most recent actuarial valuation, there were 115 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	26
Terminated vested participants not yet receiving benefits	23
Active employees - vested	17
Active employees - nonvested	49
Total	115

*Contributions.* 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 is to contribute an amount equal to or greater than the recommended contribution described below. For 2020, the actuarially determined contribution rate was 6.51% of covered payroll. The City makes all contributions to the plan. For 2020, the City's contribution to the Plan was \$169,050.

#### **Net Pension Liability of the City**

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2019.

*Actuarial assumptions.* The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		2.25%
Salary increases		2.25% - 8.50%, including inflation
Investment rate of return	7.375%, net of pension plan investment expense, including inflation	

Mortality rates for the January 1, 2019 valuation 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 actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

Cost of living adjustments were assumed to be 2.25% for Class 1 and 2.00% for Class 2.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.41%
International equity	20%	6.96
Real estate	10%	1.96
Global fixed income	5%	4.76
Domestic fixed income	20%	3.06
Cash	—%	
Total	100%	

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

*Discount rate.* The discount rate used to measure the total pension liability was 7.375%, which was a decrease from the prior year's discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Amounts reported for the fiscal year ending June 30, 2020 and later reflect assumption changes based on an actuarial study conducted in November and December 2019. This study recommended changes in mortality tables, retirement rates, and inflation rate changes from 2.75% to 2.25%.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

*Changes in the Net Pension Liability of the City.* The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2020 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/19</b>	\$ 3,577,147	\$ 3,432,113	\$ 145,034
<b>Changes for the year:</b>			
Service cost	153,724	-	153,724
Interest	274,624	-	274,624
Differences between expected and actual experience	26,884	-	26,884
Assumption changes	(105,238)	-	(105,238)
Contributions—employer	-	165,666	(165,666)
Net investment income	-	103,949	(103,949)
Benefit payments, including refunds of employee contributions	(138,447)	(138,447)	-
Administrative expense	-	(14,059)	14,059
<b>Net changes</b>	<b>211,547</b>	<b>117,109</b>	<b>94,438</b>
<b>Balances at 6/30/20</b>	<b>\$ 3,788,694</b>	<b>\$ 3,549,222</b>	<b>\$ 239,472</b>

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to 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 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	\$ 767,164	\$ 239,472	\$ (194,117)

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

*Changes in the Net Pension Liability of the City.* Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2019 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$303,644. At June 30, 2020, 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	\$ 37,644	\$ (39,168)
Changes in assumptions	-	(86,122)
Net difference between projected and actual earnings on pension plan investments	-	(17,809)
City contributions subsequent to the measurement date	126,788	-
Total	\$ 164,432	\$ (143,099)

City contributions subsequent to the measurement date of \$126,788 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2021	\$ (66,335)
2022	(54,164)
2023	(76)
2024	15,120
Total	\$ (105,455)

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 10. DEFINED CONTRIBUTION PENSION PLAN**

The City of Social Circle's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by Newport Group Inc. for all full time employees. The Plan is funded through employee contributions only. No contributions are made by the City. Plan provisions and contribution requirements are established and may be amended by the City Council. At June 30, 2020, there were 60 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to the maximum amount allowed by the IRS. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the year ended June 30, 2020 were \$73,512.

### **NOTE 11. JOINT VENTURE**

Under Georgia law, the City, in conjunction with other cities and counties in the 12 county Northeast Georgia area, is a member of the Northeast Georgia Regional Commission (NEGRC). Dues to the NEGRC are assessed at the County level and are, accordingly, paid by Walton County. Membership in the NEGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the NEGRC in Georgia. The NEGRC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the NEGRC. Separate financial statements may be obtained from the NEGRC's administrative office at 305 Research Drive, Athens, Georgia 30610.

### **NOTE 12. RELATED ORGANIZATIONS**

The City's council is responsible for appointing a majority of the board members of the City of Social Circle, Georgia Housing Authority. However, the City has no further accountability for the Authority.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of losses 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 and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the 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 funds 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 levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are 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.

Settled claims have not exceeded the coverage in the past three years.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the current or prior year.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. COMMITMENTS AND CONTINGENCIES

#### Litigation

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

#### Grant Contingencies

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

#### Agreements with the Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City, which costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2020, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to \$2,160,568 in fiscal year 2020.

At June 30, 2020, the outstanding debt of MGAG was approximately \$181 million. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately \$2.1 million at June 30, 2020.

### NOTE 15. TAX ABATEMENTS

For the year ended June 30, 2020, City property tax revenues were reduced by \$19,613 under agreements entered into by the Walton County Development Authority. Under the agreements, taxes on both real and personal property are reduced based on jobs created and investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.



## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF SOCIAL CIRCLE, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**RETIREMENT PLAN**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY**  
**AND RELATED RATIOS**

	2015	2016	2017	2018	2019	2020
<b>Total pension liability</b>						
Service cost	\$ 82,778	\$ 110,674	\$ 120,656	\$ 110,419	\$ 130,827	\$ 153,724
Interest on total pension liability	186,271	199,876	223,499	237,815	253,090	274,624
Differences between expected and actual experience	23,309	96,814	(59,359)	(68,150)	(60)	26,884
Changes of assumptions	(64,740)	-	-	-	-	(105,238)
Changes of benefit terms	46,906	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(93,585)	(104,378)	(100,712)	(99,429)	(100,840)	(138,447)
Other changes	-	-	-	(4,824)	-	-
<b>Net change in total pension liability</b>	<u>180,939</u>	<u>302,986</u>	<u>184,084</u>	<u>175,831</u>	<u>283,017</u>	<u>211,547</u>
<b>Total pension liability - beginning</b>	<u>2,450,290</u>	<u>2,631,229</u>	<u>2,934,215</u>	<u>3,118,299</u>	<u>3,294,130</u>	<u>3,577,147</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 2,631,229</u>	<u>\$ 2,934,215</u>	<u>\$ 3,118,299</u>	<u>\$ 3,294,130</u>	<u>\$ 3,577,147</u>	<u>\$ 3,788,694</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 96,015	\$ 110,350	\$ 121,350	\$ 124,029	\$ 132,558	\$ 165,666
Net investment income	244,943	27,136	269,340	406,310	309,474	103,949
Benefit payments, including refunds of member contributions	(93,585)	(104,378)	(100,712)	(99,429)	(100,840)	(138,447)
Administrative expenses	(7,860)	(9,627)	(8,830)	(15,680)	(14,609)	(14,059)
<b>Net change in plan fiduciary net position</b>	<u>239,513</u>	<u>23,481</u>	<u>281,148</u>	<u>415,230</u>	<u>326,583</u>	<u>117,109</u>
<b>Plan fiduciary net position - beginning</b>	<u>2,146,158</u>	<u>2,385,671</u>	<u>2,409,152</u>	<u>2,690,300</u>	<u>3,105,530</u>	<u>3,432,113</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 2,385,671</u>	<u>\$ 2,409,152</u>	<u>\$ 2,690,300</u>	<u>\$ 3,105,530</u>	<u>\$ 3,432,113</u>	<u>\$ 3,549,222</u>
<b>City's net pension liability - ending (a) - (b)</b>	<u>\$ 245,558</u>	<u>\$ 525,063</u>	<u>\$ 427,999</u>	<u>\$ 188,600</u>	<u>\$ 145,034</u>	<u>\$ 239,472</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	90.67%	82.11%	86.27%	94.27%	95.95%	93.68%
<b>Covered payroll</b>	\$ 1,387,784	\$ 1,624,677	\$ 1,974,526	\$ 1,888,119	\$ 2,175,290	\$ 2,521,106
<b>City's net pension liability as a percentage of covered payroll</b>	17.69%	32.32%	21.68%	9.99%	6.67%	9.50%

**Notes to the Schedule:**

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

Amounts reported for the fiscal year ending June 30, 2020 and later reflect assumption changes based on an actuarial study conducted in November and December 2019. This study recommended changes in mortality tables, retirement rates, and inflation rate changes from 2.75% to 2.25%.

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**RETIREMENT PLAN**  
**SCHEDULE OF CITY CONTRIBUTIONS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	\$ 97,541	\$ 116,265	\$ 136,605	\$ 129,453	\$ 148,084	\$ 169,050
Contributions in relation to the actuarially determined contribution	<u>97,541</u>	<u>116,265</u>	<u>136,605</u>	<u>129,453</u>	<u>148,084</u>	<u>169,050</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,387,784	\$ 1,703,641	\$ 2,064,821	\$ 1,829,218	\$ 2,290,647	\$ 2,597,925
Contributions as a percentage of covered payroll	7.03%	6.82%	6.62%	7.08%	6.46%	6.51%

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

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**NONMAJOR GOVERNMENTAL FUNDS**

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**SPECIAL REVENUE FUND**

Special revenue funds are used to account for specific revenues that are restricted to expenditure for specified purposes other than debt service or capital projects.

**Confiscations Pending Fund** – This fund is used to account for the City's share of monies that have been forfeited through the court system that are restricted for law enforcement purposes.

**PERMANENT FUND**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Library Fund** – This fund is used to account for monies restricted for principal trust amounts and related interest earnings; which are used to maintain and operate the community library.

**CITY OF SOCIAL CIRCLE, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<u>Special Revenue Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>	<b>Confiscations Pending Fund</b>	<b>Library Fund</b>	
Cash and cash equivalents	\$ 74,641	\$ 433,986	\$ 508,627
Total assets	<u>\$ 74,641</u>	<u>\$ 433,986</u>	<u>\$ 508,627</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to other funds	\$ 45,408	\$ -	\$ 45,408
Total liabilities	<u>45,408</u>	<u>-</u>	<u>45,408</u>
<b>FUND BALANCES</b>			
Nonspendable - corpus	-	350,000	350,000
Restricted:			
Library	-	83,986	83,986
Public safety	29,233	-	29,233
Total fund balances	<u>29,233</u>	<u>433,986</u>	<u>463,219</u>
Total liabilities and fund balances	<u>\$ 74,641</u>	<u>\$ 433,986</u>	<u>\$ 508,627</u>

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Special Revenue Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Confiscations Pending Fund</u>	<u>Library Fund</u>	
<b>REVENUES</b>			
Investment income	\$ 17	\$ 6,405	\$ 6,422
Fines and forfeitures	50,510	-	50,510
Total revenues	<u>50,527</u>	<u>6,405</u>	<u>56,932</u>
<b>EXPENDITURES</b>			
Current			
Public safety	<u>78,929</u>	-	<u>78,929</u>
Total expenditures	<u>78,929</u>	-	<u>78,929</u>
Net change in fund balances	(28,402)	6,405	(21,997)
<b>FUND BALANCES, beginning of year</b>	<u>57,635</u>	<u>427,581</u>	<u>485,216</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 29,233</u>	<u>\$ 433,986</u>	<u>\$ 463,219</u>

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**CONFISCATIONS PENDING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 17	\$ 17
Fines and forfeitures	<u>78,929</u>	<u>78,929</u>	<u>50,510</u>	<u>(28,419)</u>
Total revenues	<u>78,929</u>	<u>78,929</u>	<u>50,527</u>	<u>(28,402)</u>
<b>EXPENDITURES</b>				
Public safety	<u>78,929</u>	<u>78,929</u>	<u>78,929</u>	<u>-</u>
Total expenditures	<u>78,929</u>	<u>78,929</u>	<u>78,929</u>	<u>-</u>
Net change in fund balances	-	-	(28,402)	(28,402)
<b>FUND BALANCES, beginning of year</b>	<u>57,635</u>	<u>57,635</u>	<u>57,635</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 57,635</u>	<u>\$ 57,635</u>	<u>\$ 29,233</u>	<u>\$ (28,402)</u>

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**LIBRARY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 6,405	\$ 6,405
Total revenues	-	-	6,405	6,405
<b>OTHER FINANCING USES</b>				
Transfers out	(4,000)	(4,000)	-	4,000
Total other financing uses	(4,000)	(4,000)	-	4,000
Net change in fund balances	(4,000)	(4,000)	6,405	10,405
<b>FUND BALANCES, beginning of year</b>	427,581	427,581	427,581	-
<b>FUND BALANCES, end of year</b>	<u>\$ 423,581</u>	<u>\$ 423,581</u>	<u>\$ 433,986</u>	<u>\$ 10,405</u>



# CITY OF SOCIAL CIRCLE, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>2013 Projects</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years Cumulative Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Cumulative Expenditures</u>
Roads, sidewalks, drainage	\$ 850,000	\$ 850,000	\$ 830,753	\$ 17,487	\$ 848,240
Library improvements and expansion	500,000	500,000	500,000	-	500,000
Water and sewer improvements	500,000	500,000	477,714	9,316	487,030
Recreation playgrounds	250,000	250,000	50,996	50,000	100,996
Public safety improvements	1,000,000	1,000,000	999,990	-	999,990
Total 2013 SPLOST Expenditures	<u>\$ 3,100,000</u>	<u>\$ 3,100,000</u>	<u>\$ 2,859,453</u>	<u>76,803</u>	<u>\$ 2,936,256</u>
 <u>2019 Projects</u>					
Transportation	\$ 1,000,000	\$ 1,000,000	\$ -	284,756	\$ 284,756
Water and Sewer Infrastructure	1,160,869	1,160,869	-	-	-
Public Safety	385,000	385,000	-	-	-
Parks and Recreation	100,000	100,000	-	-	-
Building Upgrades and Improvements	250,000	250,000	-	209,992	209,992
Total 2019 SPLOST Expenditures	<u>\$ 2,895,869</u>	<u>\$ 2,895,869</u>	<u>\$ -</u>	<u>494,748</u>	<u>\$ 494,748</u>
Total SPLOST schedule expenditures				571,551	
Expenditures funded by intergovernmental revenues				150,476	
Total SPLOST fund expenditures				<u>\$ 722,027</u>	

## CITY OF SOCIAL CIRCLE, GEORGIA

### AGENCY FUND

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Agency funds are used to account for assets held by the City as an agent for individuals.

**Board of Education** – To account for the collection of property taxes by the City for the City of Social Circle Board of Education.

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
<b><u>Board of Education Fund</u></b>				
<b>ASSETS</b>				
Cash	\$ 31,437	\$ 3,355,828	\$ (3,373,124)	\$ 14,141
Taxes receivable	15,099	3,227,701	(3,189,202)	53,598
Total assets	<u>\$ 46,536</u>	<u>\$ 6,583,529</u>	<u>\$ (6,562,326)</u>	<u>\$ 67,739</u>
<b>LIABILITIES</b>				
Due to others	\$ 46,536	\$ 6,583,529	\$ (6,562,326)	\$ 67,739
Total liabilities	<u>\$ 46,536</u>	<u>\$ 6,583,529</u>	<u>\$ (6,562,326)</u>	<u>\$ 67,739</u>

## **COMPONENT UNITS**

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**CITY OF SOCIAL CIRCLE, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**COMPONENT UNIT - MAIN STREET COMMISSION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 33,573
Payments to suppliers	<u>(45,993)</u>
Net cash used in operating activities	<u>(12,420)</u>
 Net decrease in cash and cash equivalents	 (12,420)
 Cash and cash equivalents, beginning of year	 <u>51,309</u>
 Cash and cash equivalents, end of year	 <u><u>\$ 38,889</u></u>

**RECONCILIATION OF OPERATING LOSS TO NET**

**CASH USED IN OPERATING ACTIVITIES**

Operating loss	\$ (10,933)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in accounts payable	<u>(1,487)</u>
 Net cash used in operating activities	 <u><u>\$ (12,420)</u></u>

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 6,976
Payments to suppliers	<u>(42,018)</u>
Net cash used in operating activities	<u>(35,042)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>1,007</u>
Net cash provided by investing activities	<u>1,007</u>

Net decrease in cash and cash equivalents	(34,035)
---	----------

Cash and cash equivalents, beginning of year	<u>100,559</u>
--	----------------

Cash and cash equivalents, end of year	<u><u>\$ 66,524</u></u>
--	-------------------------

**RECONCILIATION OF OPERATING LOSS TO NET**

**CASH USED IN OPERATING ACTIVITIES**

Operating loss	<u>\$ (35,042)</u>
Net cash used in operating activities	<u><u>\$ (35,042)</u></u>

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**COMPONENT UNIT - DEVELOPMENT AUTHORITY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Payments to suppliers	\$ (17)
Net cash used in operating activities	<u>(17)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	580
Net cash provided by investing activities	<u>580</u>

Net increase in cash and cash equivalents 563

Cash and cash equivalents, beginning of year 74,131

Cash and cash equivalents, end of year \$ 74,694

**RECONCILIATION OF OPERATING LOSS TO NET**

**CASH USED IN OPERATING ACTIVITIES**

Operating loss \$ (17)

Net cash used in operating activities \$ (17)

## **STATISTICAL SECTION**

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# STATISTICAL SECTION

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This part of the City of Social Circle's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

**Page**

**Financial Trends..... 64**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**Revenue Capacity ..... 69**

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

**Debt Capacity ..... 73**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

**Demographic and Economic Information ..... 76**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**Operating Information ..... 79**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report.

# CITY OF SOCIAL CIRCLE, GEORGIA

## NET POSITION BY COMPONENT LAST TEN YEARS (modified accrual basis of accounting) (amounts expressed in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities					
Net investment in capital assets	\$ 6,239	\$ 6,897	\$ 6,566	\$ 6,812	\$ 6,658
Restricted	698	459	654	1,146	1,538
Unrestricted	1,083	1,189	1,335	972	764
Total governmental activities net position	<u>\$ 8,020</u>	<u>\$ 8,545</u>	<u>\$ 8,554</u>	<u>\$ 8,930</u>	<u>\$ 8,960</u>
Business-type activities					
Net investment in capital assets	\$ 7,791	\$ 8,307	\$ 8,799	\$ 8,887	\$ 10,129
Restricted	206	231	256	345	370
Unrestricted	3,828	3,867	3,300	3,527	2,733
Total business-type activities net position	<u>\$ 11,825</u>	<u>\$ 12,405</u>	<u>\$ 12,356</u>	<u>\$ 12,759</u>	<u>\$ 13,232</u>
Primary government					
Net investment in capital assets	\$ 14,030	\$ 15,204	\$ 15,365	\$ 15,699	\$ 16,787
Restricted	904	690	910	1,491	1,908
Unrestricted	4,911	5,056	4,635	4,499	3,497
Total primary government net position	<u>\$ 19,845</u>	<u>\$ 20,950</u>	<u>\$ 20,910</u>	<u>\$ 21,689</u>	<u>\$ 22,192</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 7,730	\$ 7,528	\$ 7,599	\$ 7,845	\$ 8,378
589	670	956	954	1,117
523	659	750	1,111	1,129
<u>\$ 8,842</u>	<u>\$ 8,857</u>	<u>\$ 9,305</u>	<u>\$ 9,910</u>	<u>\$ 10,624</u>
\$ 9,933	\$ 9,632	\$ 9,693	\$ 11,419	\$ 11,521
-	593	654	466	473
3,913	4,253	4,539	3,496	4,080
<u>\$ 13,846</u>	<u>\$ 14,478</u>	<u>\$ 14,886</u>	<u>\$ 15,381</u>	<u>\$ 16,074</u>
\$ 17,663	\$ 17,160	\$ 17,292	\$ 19,264	\$ 19,898
589	1,263	1,610	1,420	1,591
4,436	4,912	5,289	4,607	5,209
<u>\$ 22,688</u>	<u>\$ 23,335</u>	<u>\$ 24,191</u>	<u>\$ 25,291</u>	<u>\$ 26,699</u>

# CITY OF SOCIAL CIRCLE, GEORGIA

## CHANGES IN NET POSITION LAST TEN YEARS (Modified accrual basis of accounting) (amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 554	\$ 616	\$ 946	\$ 920	\$ 1,034	\$ 1,105	\$ 1,151	\$ 1,114	\$ 1,262	\$ 1,054
Judicial	23	13	8	22	16	17	21	27	43	67
Public safety	1,512	1,464	1,739	1,849	1,904	2,030	2,281	2,505	2,765	2,899
Public works	487	561	731	685	854	806	1,059	845	695	993
Health and welfare	80	83	88	92	89	78	102	126	115	103
Culture and recreation	141	139	139	142	143	142	145	186	631	190
Housing and development	80	102	85	145	79	85	99	104	101	304
Interest on long-term debt	9	5	2	19	23	21	20	19	20	10
<b>Total governmental activities expenses</b>	<b>2,886</b>	<b>2,982</b>	<b>3,738</b>	<b>3,875</b>	<b>4,142</b>	<b>4,287</b>	<b>4,878</b>	<b>4,926</b>	<b>5,632</b>	<b>5,621</b>
<b>Business-type activities</b>										
Water and sewer	2,048	2,099	1,947	1,881	1,945	2,225	2,413	2,360	2,431	2,526
Natural gas	2,842	2,393	2,311	2,588	2,293	2,097	2,221	2,507	2,972	2,277
Solid waste	327	334	252	253	242	252	279	286	300	252
<b>Total business-type activities expenses</b>	<b>5,217</b>	<b>4,826</b>	<b>4,511</b>	<b>4,722</b>	<b>4,480</b>	<b>4,574</b>	<b>4,912</b>	<b>5,153</b>	<b>5,703</b>	<b>5,055</b>
<b>Total primary government expenses</b>	<b>\$ 8,103</b>	<b>\$ 7,808</b>	<b>\$ 8,248</b>	<b>\$ 8,597</b>	<b>\$ 8,622</b>	<b>\$ 8,861</b>	<b>\$ 9,789</b>	<b>\$ 10,079</b>	<b>\$ 11,335</b>	<b>\$ 10,676</b>
<b>Program Revenues</b>										
<b>Charges for services:</b>										
General government	\$ 249	\$ 168	\$ 6	\$ 21	\$ 20	\$ 21	\$ 22	\$ 13	\$ 21	\$ 20
Judicial	-	-	-	159	162	112	94	151	111	112
Public safety	-	13	111	-	-	43	15	213	109	51
Public works	17	13	16	14	39	67	64	63	98	140
Culture and recreation	3	2	0	16	22	18	11	57	115	0
<b>Total charges for services:</b>	<b>269</b>	<b>195</b>	<b>133</b>	<b>210</b>	<b>243</b>	<b>261</b>	<b>207</b>	<b>496</b>	<b>454</b>	<b>323</b>
Operating grants and contributions	270	222	181	740	226	165	268	284	771	471
Capital grants and contributions	321	493	241	4	519	509	528	589	502	908
<b>Total governmental activities program revenues</b>	<b>860</b>	<b>910</b>	<b>554</b>	<b>954</b>	<b>988</b>	<b>935</b>	<b>1,003</b>	<b>1,370</b>	<b>1,726</b>	<b>1,701</b>
<b>Business-type activities</b>										
<b>Charges for services:</b>										
Water and sewer	1,948	2,096	2,055	2,053	2,336	2,718	2,830	2,748	2,957	3,218
Natural gas	3,143	2,476	2,855	3,517	3,229	2,756	3,531	3,488	4,143	3,491
Solid waste	272	274	279	281	314	314	325	327	342	310
Operating grants and contributions	-	-	29	1	2	10	3	1	2	4
Capital grants and contributions	78	418	-	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>5,441</b>	<b>5,264</b>	<b>5,218</b>	<b>5,852</b>	<b>5,881</b>	<b>5,799</b>	<b>6,690</b>	<b>6,565</b>	<b>7,444</b>	<b>7,023</b>
<b>Total primary government program revenues</b>	<b>\$ 6,301</b>	<b>\$ 6,174</b>	<b>\$ 5,772</b>	<b>\$ 6,806</b>	<b>\$ 6,869</b>	<b>\$ 6,734</b>	<b>\$ 7,693</b>	<b>\$ 7,935</b>	<b>\$ 9,170</b>	<b>\$ 8,724</b>
<b>Net (expenses)/revenue</b>										
Governmental activities	\$ (2,026)	\$ (2,073)	\$ (3,184)	\$ (2,921)	\$ (3,154)	\$ (3,352)	\$ (3,875)	\$ (3,556)	\$ (3,906)	\$ (3,919)
Business-type activities	224	439	707	1,130	1,401	1,225	1,779	1,412	1,741	1,968
<b>Total primary government net expense</b>	<b>\$ (1,802)</b>	<b>\$ (1,634)</b>	<b>\$ (2,477)</b>	<b>\$ (1,791)</b>	<b>\$ (1,753)</b>	<b>\$ (2,127)</b>	<b>\$ (2,096)</b>	<b>\$ (2,144)</b>	<b>\$ (2,165)</b>	<b>\$ (1,951)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes	\$ 1,194	\$ 1,140	\$ 1,057	\$ 1,097	\$ 1,076	\$ 1,153	\$ 1,334	\$ 1,527	\$ 1,541	\$ 1,569
Franchise taxes	452	480	439	437	465	458	455	445	476	488
Sales taxes	546	582	555	526	547	539	564	593	720	842
Other taxes	355	344	333	104	85	102	86	108	95	431
Unrestricted investment earnings	35	29	17	38	20	36	5	13	15	19
Gain on sale of capital assets	-	57	-	83	-	22	283	3	68	-
Miscellaneous	33	44	41	236	253	263	12	305	322	-
Transfers	(41)	(78)	735	775	916	660	1,151	1,010	1,273	1,285
<b>Total governmental activities</b>	<b>2,574</b>	<b>2,598</b>	<b>3,177</b>	<b>3,296</b>	<b>3,362</b>	<b>3,233</b>	<b>3,890</b>	<b>4,004</b>	<b>4,510</b>	<b>4,634</b>
<b>Business-type activities:</b>										
Other taxes	69	63	62	49	43	50	4	5	28	-
Unrestricted investment earnings	-	-	-	-	-	-	-	-	-	9
Gain on sale of capital assets	-	-	14	-	-	-	-	-	-	-
Transfers	41	78	(735)	(775)	(916)	(660)	(1,151)	(1,010)	(1,273)	(1,285)
<b>Total business-type activities</b>	<b>110</b>	<b>141</b>	<b>(659)</b>	<b>(726)</b>	<b>(873)</b>	<b>(610)</b>	<b>(1,147)</b>	<b>(1,005)</b>	<b>(1,245)</b>	<b>(1,276)</b>
<b>Total primary government</b>	<b>\$ 2,884</b>	<b>\$ 2,739</b>	<b>\$ 2,518</b>	<b>\$ 2,570</b>	<b>\$ 2,489</b>	<b>\$ 2,623</b>	<b>\$ 2,743</b>	<b>\$ 2,999</b>	<b>\$ 3,265</b>	<b>\$ 3,358</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 548	\$ 526	\$ 9	\$ 375	\$ 205	\$ (118)	\$ 15	\$ 448	\$ 604	\$ 715
Business-type activities	334	579	48	403	528	615	632	408	496	692
<b>Total primary government</b>	<b>\$ 882</b>	<b>\$ 1,105</b>	<b>\$ 57</b>	<b>\$ 778</b>	<b>\$ 733</b>	<b>\$ 497</b>	<b>\$ 647</b>	<b>\$ 856</b>	<b>\$ 1,100</b>	<b>\$ 1,407</b>

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN YEARS**  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Sales Tax</b>	<b>Insurance Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2011	\$ 1,194	\$ 452	\$ 546	\$ -	\$ 409	\$ 2,601
2012	1,140	480	582	-	365	2,567
2013	1,057	439	555	-	356	2,407
2014	1,097	437	526	220	121	2,401
2015	1,076	465	546	228	110	2,425
2016	1,153	457	539	244	122	2,515
2017	1,334	455	564	264	105	2,722
2018	1,527	445	593	281	132	2,978
2019	1,541	476	720	303	114	3,154
2020	1,569	488	842	321	110	3,330

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund					
Nonspendable - prepaids	\$ 156	\$ 163	\$ 163	\$ 199	\$ 217
Restricted - capital projects	-	-	-	-	106
Assigned:					
Library	50	41	40	38	35
Cemetary	37	42	46	49	64
Friendship park	-	-	-	-	-
Firetruck and equipment	-	-	-	-	-
LMIG paving	-	-	-	-	-
UB software	-	-	-	-	-
Cardiac monitor	-	-	-	-	-
Storm drainage	-	-	-	-	-
Unassigned	839	947	1,114	757	720
Total general fund	<u>\$ 1,082</u>	<u>\$ 1,193</u>	<u>\$ 1,363</u>	<u>\$ 1,043</u>	<u>\$ 1,142</u>
All other governmental funds					
Nonspendable					
Permanent Fund Corpus	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350
Restricted:					
Library	61	65	58	64	58
Public safety	1	6	20	15	15
Capital projects	286	38	226	716	1,010
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 698</u>	<u>\$ 459</u>	<u>\$ 654</u>	<u>\$ 1,145</u>	<u>\$ 1,432</u>

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$	221	\$ 110	\$ 103	\$ 109	\$ 110
	160	-	-	-	-
	34	31	34	32	-
	69	71	70	84	-
	-	-	-	17	-
	-	-	-	143	-
	-	69	28	78	-
	-	30	-	-	-
	-	27	-	-	-
	-	47	-	-	-
	619	626	817	952	1,230
<b>\$</b>	<b>1,103</b>	<b>\$ 1,011</b>	<b>\$ 1,052</b>	<b>\$ 1,415</b>	<b>\$ 1,340</b>

\$	350	\$ 350	\$ 350	\$ 350	\$ 350
	68	57	68	78	84
	10	14	72	58	29
	-	248	466	468	654
	(116)	-	-	-	-
<b>\$</b>	<b>312</b>	<b>\$ 669</b>	<b>\$ 956</b>	<b>\$ 954</b>	<b>\$ 1,117</b>

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**

(modified accrual basis of accounting)  
(amounts expressed in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>					
Taxes	\$ 2,553	\$ 2,578	\$ 2,425	\$ 2,423	\$ 2,416
Licenses and permits	14	16	17	17	16
Intergovernmental	591	566	407	740	731
Fines and forfeitures	226	155	111	159	162
Charges for services	26	23	20	18	43
Interest income	36	29	17	42	34
Other revenues	17	25	32	16	22
Total revenues	<u>3,463</u>	<u>3,392</u>	<u>3,029</u>	<u>3,415</u>	<u>3,424</u>
<b>Expenditures</b>					
General government	540	483	778	983	872
Judicial	22	13	8	22	17
Public safety	1,459	1,426	1,632	2,629	1,746
Public works	443	592	630	763	950
Health & Welfare	81	82	88	92	89
Culture & Recreation	139	145	135	138	139
Housing & Development	80	102	84	145	79
Capital Outlay	639	593	2	-	-
Debt service					
Principal retirements	145	79	54	46	38
Interest and fiscal charges	11	6	4	2	24
Total expenditures	<u>3,559</u>	<u>3,522</u>	<u>3,415</u>	<u>4,821</u>	<u>3,953</u>
Excess of revenues over (under) expenditures	(96)	(130)	(386)	(1,406)	(530)
<b>Other financing sources (uses)</b>					
Proceeds from financed purchase	-	-	-	-	-
Issuance of long-term debt	-	-	-	716	-
Insurance Recoveries	-	-	-	-	-
Proceeds from sale of capital assets	7	80	15	86	-
Transfers in	-	6	773	775	916
Transfers out	(48)	(84)	(38)	-	-
Total other financing sources (uses)	<u>(41)</u>	<u>2</u>	<u>750</u>	<u>1,577</u>	<u>916</u>
Net change in fund balances	<u>\$ (137)</u>	<u>\$ (128)</u>	<u>\$ 364</u>	<u>\$ 171</u>	<u>\$ 386</u>
Debt service as a percentage of noncapital expenditures	4.56%	2.52%	1.77%	1.02%	1.63%



	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$	2,524	\$ 2,733	\$ 2,965	\$ 3,204	\$ 3,257
	72	74	74	110	152
	665	787	830	1,129	1,249
	154	109	328	220	163
	17	12	1	8	8
	46	5	13	16	19
	18	11	60	258	129
	<u>3,496</u>	<u>3,731</u>	<u>4,271</u>	<u>4,945</u>	<u>4,977</u>
	948	1,013	1,005	1,036	1,067
	17	21	28	43	67
	3,009	2,134	2,474	2,845	3,417
	1,318	1,065	1,035	1,021	1,387
	78	101	126	116	103
	139	140	182	629	190
	89	99	104	111	304
	-	-	-	-	-
	39	40	42	300	21
	23	21	20	27	10
	<u>5,660</u>	<u>4,634</u>	<u>5,016</u>	<u>6,128</u>	<u>6,568</u>
	(2,164)	(903)	(745)	(1,183)	(1,591)
	-	-	-	-	385
	-	-	-	-	-
	-	-	-	263	-
	27	18	3	8	-
	978	1,156	1,070	1,273	1,294
	(1)	(4)	-	-	-
	<u>1,004</u>	<u>1,170</u>	<u>1,073</u>	<u>1,544</u>	<u>1,679</u>
\$	<u>(1,160)</u>	<u>267</u>	<u>328</u>	<u>361</u>	<u>89</u>
	1.12%	1.36%	1.28%	5.95%	0.65%

# CITY OF SOCIAL CIRCLE, GEORGIA

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY LAST TEN YEARS (amounts expressed in thousands)

Fiscal Year	Real and Personal Property		Motor Vehicle	Mobile Homes Utility	Timber	Less:
	Real	Personal				Tax Exempt Real Property
2011	\$ 103,179	\$ 62,150	\$ 9,173	\$ 133	\$ -	\$ 30,615
2012	94,383	71,081	8,334	130	-	37,503
2013	83,829	87,214	9,175	120	159	49,744
2014	83,469	84,537	8,310	104	-	48,462
2015	90,129	83,193	5,455	100	-	46,254
2016	115,641	89,329	4,229	90	46	48,938
2017	129,637	88,997	3,393	89	-	46,361
2018	138,468	94,065	2,741	78	-	49,458
2019	146,372	86,525	2,463	75	-	44,192
2020	141,545	90,167	2,452	75	-	43,867

Source: City of Social Circle Tax Department

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<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
\$ 144,021	7.411	\$ 360,052	40.00%
136,424	7.411	341,061	40.00%
130,752	7.411	326,880	40.00%
127,958	7.411	319,895	40.00%
132,623	7.411	331,558	40.00%
160,398	7.900	400,994	40.00%
175,755	7.900	439,388	40.00%
185,894	7.900	464,734	40.00%
191,243	7.900	478,107	40.00%
190,372	7.900	475,930	40.00%

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS**  
**(Per \$1000 of Assessed Value)**  
**LAST TEN YEARS**

<b>Calendar Year</b>	<b>City of Social Circle, Georgia</b>		<b>Walton County</b>	<b>School District</b>	<b>GA State</b>	<b>Total Direct &amp; Overlapping Rates</b>
	<b>Operating Millage</b>	<b>Total City Millage</b>		<b>Operating Millage</b>		
2011	7.411	7.411	11.14	16.643	0.25	35.439
2012	7.411	7.411	12.00	16.873	0.20	36.482
2013	7.411	7.411	11.93	16.873	0.15	36.362
2014	7.411	7.411	11.77	19.790	0.10	39.074
2015	7.411	7.411	11.19	19.092	0.05	37.747
2016	7.900	7.900	11.33	17.949	0.00	37.174
2017	7.900	7.900	10.91	17.144	0.00	35.949
2018	7.900	7.900	10.91	19.647	0.00	38.452
2019	7.900	7.900	10.91	19.278	0.00	38.083
2020	7.900	7.900	10.68	19.278	0.00	37.858

Source: City of Social Circle Tax Department and Walton County

<b>Calendar Year</b>	<b>City of Social Circle, Georgia</b>		<b>Newton County</b>	<b>School District</b>	<b>GA State</b>	<b>Total Direct &amp; Overlapping Rates</b>
	<b>Operating Millage</b>	<b>Total City Millage</b>		<b>Operating Millage</b>		
2011	7.411	7.411	13.63	16.643	0.25	37.938
2012	7.411	7.411	14.46	16.873	0.20	38.945
2013	7.411	7.411	13.19	16.873	0.15	37.625
2014	7.411	7.411	12.43	19.790	0.10	39.726
2015	7.411	7.411	13.44	19.092	0.05	39.994
2016	7.900	7.900	13.44	17.949	0.00	39.290
2017	7.900	7.900	13.44	17.144	0.00	38.485
2018	7.900	7.900	13.44	19.647	0.00	40.988
2019	7.900	7.900	13.43	19.278	0.00	40.608
2020	7.900	7.900	12.92	19.278	0.00	40.098

Source: City of Social Circle Tax Department and Newton County

# CITY OF SOCIAL CIRCLE, GEORGIA

## PRINCIPAL TAXPAYERS CURRENT AND NINE YEARS AGO

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
General Mills	\$ 11,526,848	1	6.05 %	\$ -	-	- %
Standridge Color Corp	7,951,777	2	4.18	-	-	-
Solo Cup Operating Corp	5,166,504	3	2.71	-	-	-
The Goodyear Tire and Rubber	4,626,131	4	2.43	-	-	-
Social Circle LLC	4,217,488	5	2.22	-	-	-
Certainfeed LLC	2,991,320	6	1.57	-	-	-
Standridge Robert E	1,758,458	7	0.92	-	-	-
Isonova	1,554,886	8	0.82	-	-	-
Masterack Manufacturing	1,203,878	9	0.63	-	-	-
Georgia Power Company	1,060,948	10	0.56	-	-	-
Robert E Standridge Irrevocable Family Trust	-	-	-	4,723,916	1	3.28
Georgia Power Co	-	-	-	2,618,266	2	1.92
Standridge Properties	-	-	-	2,088,713	3	1.60
Certainfeed Corp	-	-	-	1,994,996	4	1.56
Pryor Street Investment	-	-	-	1,360,659	5	1.03
Toco Hill Inc	-	-	-	1,285,195	6	0.80
New Forestry LLC	-	-	-	1,283,350	7	0.73
Rosemary B Mathews	-	-	-	1,283,291	8	0.69
Bellsouth Telecom AT&T	-	-	-	1,124,621	9	0.59
Leggett & Platt	-	-	-	991,680	10	0.52
	<u>\$ 42,058,238</u>		<u>22.09 %</u>	<u>\$ 18,754,687</u>		<u>12.71 %</u>

Source: City of Social Circle Tax Department

# CITY OF SOCIAL CIRCLE, GEORGIA

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS (amounts expressed in thousands)

Fiscal Period Ending June 30,	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 1,063	\$ 1,063	100.0%	\$ -	\$ 1,063	100.00%
2012	861	860	100.0%	-	861	100.00%
2013	997	996	99.9%	1	997	100.00%
2014	956	936	97.9%	20	956	99.98%
2015	1,018	992	97.4%	26	1,018	99.95%
2016	1,055	1,041	98.6%	14	1,055	99.98%
2017	1,220	1,207	98.9%	13	1,219	99.97%
2018	1,363	1,343	98.6%	17	1,361	99.85%
2019	1,444	1,440	99.7%	3	1,444	99.97%
2020	1,490	1,475	99.0%	-	1,475	98.99%

**NOTES:** (1) Includes all taxes levied for the General Fund

Note Taxes are billed once a year in September for the calendar year.

The software used for taxes in years 2010 - 2016 does not provide reports to separate collections during the fiscal and in subsequent years so most of the Collections are reported in the "within the Fiscal Year" column for those years.

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN YEARS**  
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Financed Purchases	Revenue Bonds	Notes Payable	Financed Purchases				
2011	\$ 179	\$ 1,890	\$ 5,330	\$ 14	\$ 7,413	18.01%	\$ 374	
2012	100	1,892	5,108	32	7,132	17.40%	365	
2013	46	1,894	4,876	19	6,835	14.89%	327	
2014	716	1,896	4,635	7	7,254	15.50%	363	
2015	678	1,898	4,384	-	6,960	15.82%	376	
2016	639	6,600	20	-	7,259	14.45%	340	
2017	599	6,484	17	-	7,100	13.76%	306	
2018	558	6,367	14	-	6,939	13.78%	310	
2019	258	6,245	419	-	6,922	12.93%	289	
2020	621	6,246	464	-	7,332	13.24%	287	

(1) See the Demographic and Economic Statistics for personal income and population data.

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2020**  
**(amounts expressed in thousands)**

	<u>Net General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City of Social Circle (1)</u>	<u>Amount Applicable to City of Social Circle</u>
Overlapping General Obligation Debt:			
Walton County			
Financed purchases	\$ 10,187	7.175%	\$ 731
Walton County Board of Education			
General Obligation Bonds (2)	<u>32,130</u>	7.175%	<u>2,305</u>
Total overlapping debt	<u>42,317</u>		<u>3,036</u>
City direct debt:			
Financed purchases	<u>621</u>	100.000%	<u>621</u>
	621		621
Total direct and overlapping debt	<u><u>\$ 42,938</u></u>		<u><u>\$ 3,658</u></u>

Source: Assessed value data used to estimate applicable percentages provided by the Walton County Finance Department. Debt outstanding data provided by Walton County Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Social Circle, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

(2) General obligation bonds are general obligations of the issuer to which its full faith and credit and taxing powers are pledged.



# CITY OF SOCIAL CIRCLE, GEORGIA

## PLEGGED-REVENUE COVERAGE Last Ten Fiscal Years (amounts expressed in thousands)

Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
<b>2020</b>	\$ 3,228	\$ 1,782	\$ 1,446	\$ 157	\$ 200	4.05
<b>2019</b>	2,986	1,725	1,261	115	263	3.34
<b>2018</b>	2,753	1,700	1,053	110	360	2.24
<b>2017</b>	2,832	1,775	1,057	110	362	2.24
<b>2016</b>	2,734	1,404	1,330	-	111	11.98
<b>2015</b>	2,347	1,292	1,055	-	87	12.13
<b>2014</b>	2,063	1,213	850	-	87	9.77
<b>2013</b>	2,067	1,271	796	-	87	9.15
<b>2012</b>	2,106	1,421	685	-	87	7.87
<b>2011</b>	1,958	1,371	587	-	87	6.75

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Include operating revenues plus interest income.

(2) Total operating expenses exclusive of depreciation.

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN YEARS**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (1)</b>	<b>Percentage of Population Age 25 and Older with Greater than 12 Years of Formal Schooling (1)</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
2011	4,246	\$ 41,164	\$ 19,841	33.8	48%	1,713	10.4%
2012	4,261	40,986	19,558	33.8	48%	1,686	9.1%
2013	4,308	45,893	20,876	37.0	58%	1,706	7.7%
2014	4,352	46,796	19,984	39.3	53%	1,664	6.5%
2015	4,378	44,004	18,508	36.5	51%	1,696	5.2%
2016	4,419	50,248	21,337	37.1	54%	1,732	6.1%
2017	4,479	51,609	23,234	40.0	53%	1,784	4.9%
2018	4,479	50,368	22,372	37.9	50%	1,788	5.5%
2019	4,479	53,538	23,987	37.6	43%	1,798	4.5%
2020	4,447	55,382	25,517	37.5	43%	1,848	4.3%

(1) Source: U.S. Census

(2) Source: Provided by City of Social Circle School Board

(3) Source: U.S. Census and Department of Labor

# CITY OF SOCIAL CIRCLE, GEORGIA

## PRINCIPAL EMPLOYERS CURRENT AND FIVE YEARS AGO

Employer	2020			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Standridge Color Corp	305	1	13.22 %	290	1	13.18 %
Social Circle City Schools	246	2	10.66	238	3	10.82
General Mills Distribution (Excel)	232	3	10.06	247	2	11.23
GoodYear Tire & Rubber	218	4	9.45	176	4	8.00
IMMEC	148	5	6.42	112	5	5.09
Masterack	90	6	3.90	90	7	4.09
Social Circle Ace Hardware	62	7	2.69	-	-	-
Certainteed	61	8	2.64	-	-	-
Dart Enterprises	57	9	2.47	51	10	2.32
Fouts Brothers	55	10	2.38	55	9	2.50
L&P CVP Group LLC	-	-	-	100	6	4.55
Social Circle Cypress	-	-	-	83	8	3.77
	<u>1,474</u>		<u>63.89 %</u>	<u>1,442</u>		<u>65.55 %</u>

Source: Various City departments

Note: Prior to fiscal year 2020, the Principal Employers for each year were not maintained and the business licenses were not required to be kept for longer than 5 years. 2016 is the oldest year available.

# CITY OF SOCIAL CIRCLE, GEORGIA

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Function</b>					
General government	8	8	7	8	8
Public safety					
Police					
Officers	18	15	15	14	14
Civilians	1	1	1	1	1
Fire					
Firefighters and officers	15	14	14	11	11
Highways and streets					
Engineering	4	4	3	3	3
Maintenance	3	4	4	5	5
Water/Gas	16	16	16	15	15
Sanitation					
Culture and recreation	2	2	2	2	2
Total	<u>67</u>	<u>64</u>	<u>62</u>	<u>59</u>	<u>59</u>

Source: Social Circle Financial Software and Budget reporting

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
8	7	7	7	8
15	14	12	13	13
1	1	1	1	1
9	8	6	6	7
3	2	2	2	2
5	6	6	6	6
15	14	10	10	10
2	2	2	2	2
<u>58</u>	<u>54</u>	<u>46</u>	<u>47</u>	<u>49</u>

# CITY OF SOCIAL CIRCLE, GEORGIA

## OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Function</b>					
Police					
Physical arrests	133	144	159	141	103
Parking violations	5	5	24	16	5
Traffic violations	1,486	1,017	1,363	1,106	580
Fire					
Number of calls answered	743	824	935	936	805
Inspections	84	205	100	100	N/A
Highways and streets					
Street resurfacing (miles) (1)	N/A	N/A	N/A	N/A	N/A
Potholes repaired	N/A	N/A	N/A	N/A	N/A
Sanitation					
Refuse collected (tons/day)	14.96	13.32	13.11	12.57	10.78
Recyclables collected (tons/day)	0.14	0.13	N/A	N/A	N/A

Source: City of Social Circle Departments

N/A - Information not available

(1) Road resurfacing and number of potholes repaired has not been kept to date. Will begin collecting starting fiscal year 2021

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<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
180	238	280	120	259
4	1	4	-	-
753	1,034	1,125	505	1,014
864	718	749	774	599
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

# CITY OF SOCIAL CIRCLE, GEORGIA

## CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Function</b>					
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	24	21	21	19	19
Fire stations	2	2	2	2	2
Fire trucks	5	5	5	5	5
Highways and streets					
Streets (miles)	50	50	50	50	50
Culture and recreation					
Parks acreage	10.6	10.6	10.6	9.6	9.6
Parks	3	3	3	2	2
Utility services					
Gas lines - Service (miles)	63.88	58.52	57.11	57.11	57.00
Water lines - Service (miles)	54.00	54.00	54.00	N/A	N/A

Source: Various City departments

N/A - Information not available

Note: Capital asset indicators are not available for the general government function



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<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
1	1	1	1	1
19	18	18	18	17
1	1	1	1	1
5	5	5	5	5
50	50	50	50	50
9.6	9.6	9.6	9.6	9.6
2	2	2	2	2
56.70	52.70	52.70	52.70	50.70
N/A	N/A	N/A	N/A	N/A

## **COMPLIANCE SECTION**

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

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**To the Honorable Mayor and Members  
of City Council  
City of Social Circle, 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Social Circle, Georgia (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 4, 2021.

**Internal Control Over Financial Reporting**

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2020-001 and 2020-002 that we consider to be material weaknesses.

### **Compliance and Other Matters**

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

### **The City's Responses to the Findings**

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

### **Purpose of this Report**

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

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
February 4, 2021

**CITY OF SOCIAL CIRCLE, GEORGIA**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:     Unmodified

Internal control over financial reporting:

Material weaknesses identified?                              yes      no

Significant deficiencies identified?                              yes      none reported

Noncompliance material to financial statements noted?      yes      no

**Federal Awards**

There was not an audit of major federal award programs for the year ended June 30, 2020 due to the total amount expended being less than \$750,000.

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**2020-001 Equity Reconciliations**

**Criteria:** Internal controls should be in place to ensure that financial statements are properly presenting the financial position and results of operations of the City in accordance with generally accepted accounting principles.

**Condition:** Internal controls were not sufficient to detect misstatements in the reporting of the opening fund balance of the General Fund.

**Context/Cause:** During our testing, an audit adjustment was required in the General Fund of approximately \$183,000 to correctly report the opening fund balance and statement of revenues, expenditures and changes in fund balances activity for the fiscal year ended June 30, 2020. This was caused by the City not properly reporting the payroll cash account and related activity.

**Effects:** An audit adjustments totaling \$183,000 was needed to correctly report the opening fund balance of the General Fund.

**Recommendation:** We recommend the City carefully review all transactions to ensure all year-end closing entries, including those prepared by the auditors, are recorded in accordance with generally accepted accounting principles.

**Auditee's Response:** The financial staff will seek more clarification in posting of year-end entries provided by the auditors to ensure that beginning fund balances reflect that of the financial statements.

**CITY OF SOCIAL CIRCLE, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**2020-002 Allowance for Doubtful Accounts Calculation**

**Criteria:** Internal controls should be in place to ensure that financial statements are properly presenting the utility receivables of the City in accordance with generally accepted accounting principles.

**Condition:** Internal controls were not sufficient to detect misstatements in the reporting of the allowance for doubtful accounts in the utility funds.

**Context/Cause:** During our testing, audit adjustments were required in the Water & Sewer Fund in the amount of approximately \$95,000, Natural Gas Fund in the amount of approximately \$21,400, and Solid Waste Fund in the amount of approximately \$15,400 to correctly report the enterprise fund accounts receivables and allowance for doubtful accounts for the fiscal year ended June 30, 2020.

**Effects:** Audit adjustments totaling approximately \$131,800 were needed to correctly report the accounts receivable and allowance for doubtful accounts for the fiscal year ended June 30, 2020.

**Recommendation:** We recommend the City carefully review all transactions to ensure all year-end closing entries are accurate and recorded in accordance with generally accepted accounting principles.

**Auditee's Response:** The financial staff will seek more clarification in posting of year-end entries to ensure that the allowance and receivable balances are properly reported.