

CITY OF SOCIAL CIRCLE, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

Prepared by:
City of Social Circle Finance Department

INTRODUCTORY SECTION

CITY OF SOCIAL CIRCLE, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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The City Of
SOCIAL CIRCLE

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

January 26, 2022

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

Ladies and Gentlemen:

The Annual Comprehensive Financial Report (ACFR) for the City of Social Circle, Georgia, for the fiscal year ended June 30, 2021, 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, 2021. 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 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 5,000 (based upon the U. S. Census Bureau 2020 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 Mayor, 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 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 can 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 executive and 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 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 is 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 37.6 based on the most recent US Census Bureau information.

Median household income in 2012 was \$40,986. In 2021, the median income was estimated at \$57,397. The median home price in 2019 was approximately \$139,000.

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 has 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 had one remaining tax abatement that ended in September of 2020. This may change in future years. Anticipated long term benefits of future tax abatements consist of further economic growth.

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 to maintain relativity to the changing financial needs of the government.

Major Initiatives

Social Circle achieved numerous successes in Fiscal Year 2021. City Hall purchased a utility and tax payment kiosk to allow customers to make payments 24/7/365 using cash, check, e-check, or card. The installation of the kiosk is still underway. Staff shifted to services provided in the drive-thru area during the ongoing pandemic. A new budget document software, ClearGov, was implemented. The City also received the Annual Comprehensive Financial Reporting Award, as well as the Popular Annual Financial Reporting Award from the Government Finance Officers Association for the first time. These awards were for FY2020. City Administration also made several software updates. The Police Department updated their policies and procedures manual to meet the best practices in law enforcement and to maintain state certification compliance. The Fire Department developed and implemented a plan to build a cache of equipment and supplies to properly equip staff members during an emergency involving a natural disaster or public health crisis. The Public Works lot received its own upgrades including fencing and a pole barn used for storage. The downtown traffic signal and crosswalk guides were replaced during the FY 2021. Transit implemented a new scheduling and dispatching software through QRyde, and a data management system through BlackCat. Several events were hosted downtown, with COVID-19 precautions in mind. The Wastewater Treatment Department completed the Water Shed Protection Plan. The Water Treatment Plant installed digital pumps and stopped using power chemicals. The Water Distribution Department completed several water system upgrades including a major one on E. Hightower, Adams Street, Sycamore Street, S. Cherokee Road, and Memorial Street to Forest Avenue. Lastly, our Gas Department completed several gas service upgrades including installing approximately half of the gas radio read transmitters. The city made several large hurdles throughout the Fiscal Year of 2021.

Awards and Acknowledgments

We are pleased to present the City's Annual Comprehensive Financial Report (ACFR) 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 ACFR meets the program's requirements. This is the second time in which the City has applied for the ACFR 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

Nathan Boyd

Steve Shelton

Administration

Susan Roper

Eric Taylor

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

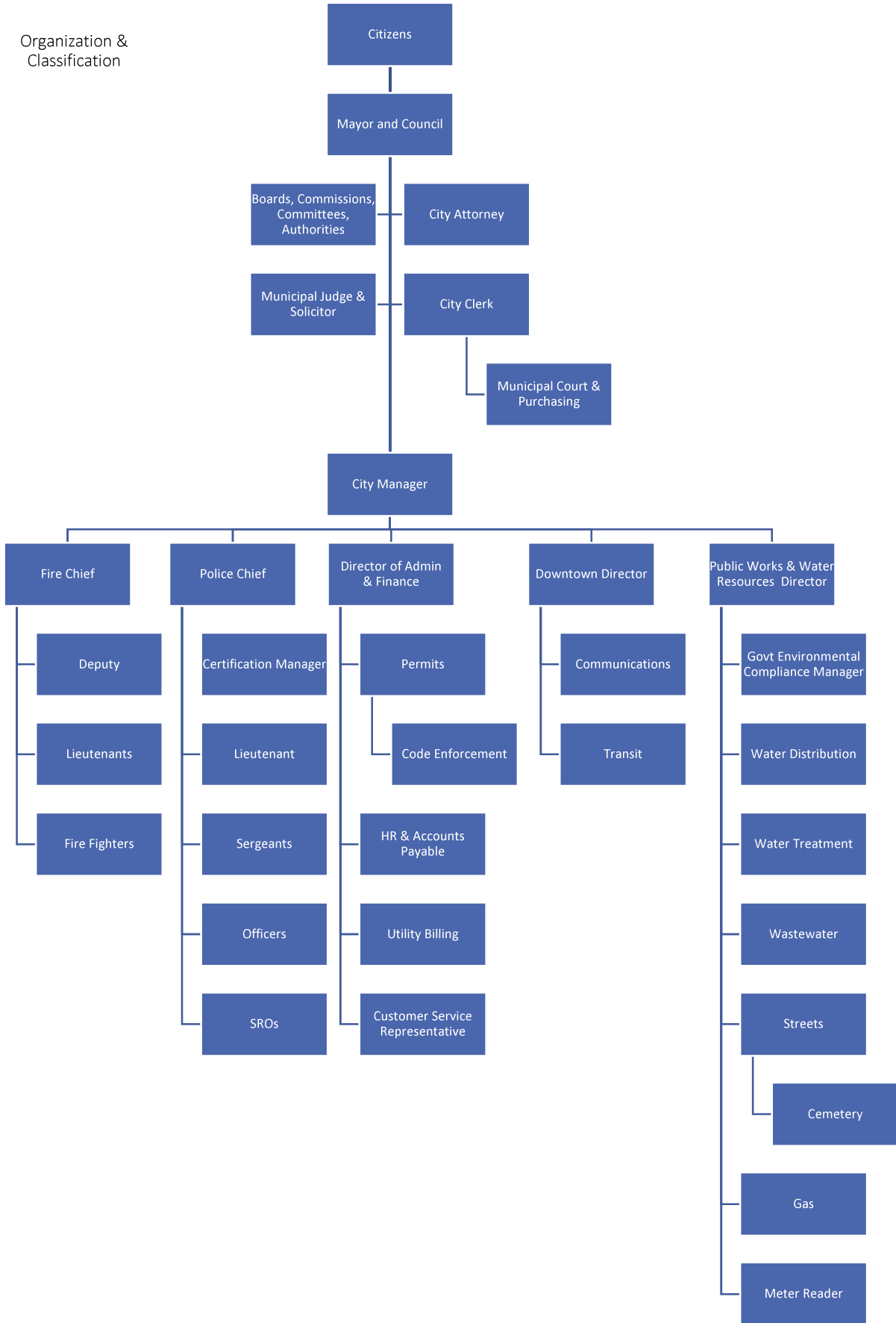
Interim Director of Public Works

Barbara Schlageter

Assistant Clerk for Planning & Development

Organizational Chart

Organization & Classification



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 16, the City of Social Circle implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as of July 1, 2020. This standard significantly changed the accounting for City of Social Circle's activity previously reported as an agency fund. Our opinions are not modified with respect to this matter.

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 Related Ratios, 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.

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 January 26, 2022, 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
January 26, 2022

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

As management of the City of Social Circle, Georgia we present this management's analysis of the City's financial condition and activities for the fiscal year ended June 30, 2021. 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 2021 by \$28,248,883 (total net position).
- Of this amount, \$5,540,061 (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 \$1,550,326.
- At the close of fiscal year 2021 the City's governmental funds reported combined ending fund balances of \$3,554,136. Of this amount, \$1,853,297 or 52% is available for spending at the government's discretion (Unassigned fund balance). The remaining balance of \$1,700,839, is allocated as \$473,202 (Non-Spendable), \$34,734 (Assigned), and \$1,192,903 (Restricted).

Overview of the Financial Statements

The 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 and can be found on pages 12 and 13 of this report.

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.

The basic governmental fund financial statements can be found on pages 14 through 16 of this report.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its solid waste operations, water and sewer system operations and its natural gas system operations, and can be found on pages 18 through 21 of this report.

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.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting for Fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 22 and 23 of this report.

Notes to the financial statements. The notes, which can be found beginning on page 24 of this report, 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 2021 by \$28,248,883.

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 \$20,692,326 or 73.25%. 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	
	2020	2021	2020	2021	2020	2021
Assets:						
Current assets	\$ 3,156,706	\$ 3,952,127	\$ 4,731,055	\$ 4,524,505	\$ 7,887,761	\$ 8,476,632
Restricted assets	-	-	473,210	473,593	473,210	473,593
Other assets	-	-	53,063	52,242	53,063	52,242
Capital assets	8,999,005	9,055,392	18,147,378	19,551,592	27,146,383	28,606,984
Total assets	12,155,711	13,007,519	23,404,706	24,601,932	35,560,417	37,609,451
Deferred outflows of resources	122,981	98,398	111,106	95,372	234,087	193,770
Liabilities:						
Current liabilities	633,172	406,504	564,600	716,998	1,197,772	1,123,502
Long-term liabilities	914,164	775,170	6,815,878	7,524,971	7,730,042	8,300,141
Total liabilities	1,547,336	1,181,674	7,380,478	8,241,969	8,927,814	9,423,643
Deferred inflows of resources	107,024	99,877	61,109	30,818	168,133	130,695
Net position:						
Net investment in capital assets	8,377,618	8,507,170	11,520,802	12,185,156	19,898,420	20,692,326
Restricted for:						
Public safety	29,233	90,199	-	-	29,233	90,199
Capital projects	654,214	1,018,367	473,210	473,593	1,127,424	1,491,960
Library expendable	83,986	84,337	-	-	83,986	84,337
Library nonexpendable	350,000	350,000	-	-	350,000	350,000
Unrestricted	1,129,281	1,774,293	4,080,213	3,765,768	5,209,494	5,540,061
Total net position	\$ 10,624,332	\$ 11,824,366	\$ 16,074,225	\$ 16,424,517	\$ 26,698,557	\$ 28,248,883

An additional portion of the City's net position, \$2,016,496 (7.14%), represents resources that are subject to external restrictions on how they may be used. \$434,337 for the library of which \$350,000 is nonexpendable, \$90,199 for public safety and \$1,491,960 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 \$1,200,034.

City of Social Circle Changes in Net Position

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Revenues:						
Program Revenues:						
Charges for service	\$ 322,990	\$ 367,105	\$ 7,019,176	\$ 7,725,296	\$ 7,342,166	\$ 8,092,401
Operating grants and contributions	470,555	586,267	3,812	3,177	474,367	589,444
Capital grants and contributions	907,948	1,079,774	-	-	907,948	1,079,774
General revenues:						
Property taxes	1,568,979	1,777,665	-	-	1,568,979	1,777,665
Sales tax	842,364	893,059	-	-	842,364	893,059
Other Taxes	918,940	962,108	-	-	918,940	962,108
Investment earnings	18,558	1,634	9,370	806	27,928	2,440
Other	208	10,619	-	-	208	10,619
Total revenue	<u>5,050,542</u>	<u>5,678,231</u>	<u>7,032,358</u>	<u>7,729,279</u>	<u>12,082,900</u>	<u>13,407,510</u>
Expenses:						
General government	1,054,156	1,466,127	-	-	1,054,156	1,466,127
Judicial	67,394	65,383	-	-	67,394	65,383
Public safety	2,899,376	3,220,929	-	-	2,899,376	3,220,929
Public works	993,066	681,163	-	-	993,066	681,163
Health & Welfare	102,968	108,943	-	-	102,968	108,943
Culture and recreation	190,404	148,270	-	-	190,404	148,270
Housing and development	303,624	92,082	-	-	303,624	92,082
Interest and fiscal charges	9,662	21,931	-	-	9,662	21,931
Water and sewer	-	-	2,526,241	2,838,358	2,526,241	2,838,358
Natural gas	-	-	2,277,065	2,885,929	2,277,065	2,885,929
Solid waste	-	-	251,603	328,069	251,603	328,069
Total Expenses	<u>5,620,650</u>	<u>5,804,828</u>	<u>5,054,909</u>	<u>6,052,356</u>	<u>10,675,559</u>	<u>11,857,184</u>
Change in net position before transfers	(570,108)	(126,597)	1,977,449	1,676,923	1,407,341	1,550,326
Transfers	1,284,958	1,326,631	(1,284,958)	(1,326,631)	-	-
Increase (decrease) in net position	714,850	1,200,034	692,491	350,292	1,407,341	1,550,326
Net position - beginning	9,909,482	10,624,332	15,381,734	16,074,225	25,291,216	26,698,557
Net position - ending	<u>\$ 10,624,332</u>	<u>\$ 11,824,366</u>	<u>\$ 16,074,225</u>	<u>\$ 16,424,517</u>	<u>\$ 26,698,557</u>	<u>\$ 28,248,883</u>

Revenues. Property taxes of \$1,777,665 and sales tax of \$893,059 accounted for 50.23% of total general revenues and transfers. Property tax increases are attributed to an increase in tax assessed values. While the millage rate remained the same, values of property increased, causing an increase in property tax revenues.

The increase in operating grants and contributions revenues for 2021 as compared to 2020 is related CARES Grant funding during the COVID-19 pandemic. This is also true for the increase in Section 18 Transportation Granting funding which was raised to 100% reimbursement funding for a portion of the FY2020-2021 as a result of the pandemic.

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

- Section 18 Transportation Grant \$99,642
- CARES Grant \$237,867
- GOHS Grant \$7,916
- GDOT LMIG \$73,838
- SCBOE – Resource Officer \$107,146
- School Tax Collection Fee & School Elections \$11,400
- Housing Authority in Lieu of Taxes \$9,056
- Accident Reports, Criminal History Report, Open Record Requests, Passenger Fares, Cemetery Fees, Park Rental Fees, Back to School Bash and Secret Santa Round-up Donations, Miscellaneous Donations, Facebook, Georgia Power and DDA Donations towards Friendship Park, and other Revenue \$39,402

Capital Grants and Contributions consisted of the following:

- TAP Grant \$205,934
- SPLOST 2019 Proceeds \$873,309
- SPLOST Interest Revenue \$531

Expenses. The total expenses for the governmental activities is \$5,804,828. The largest single expense activity is public safety. Public safety includes the police department and the fire department. Total public safety expenses are \$3,220,929 or 55.48% of total governmental activities expenses.

The decrease in public safety expenses is due to the fire truck purchase in FY2020. Most other expenses remained close to prior year comparisons. The increase of general government expenses is due to the purchase of the utility/tax kiosk purchased, increased salaries, COVID-19 prevention supplies, and increases in permitting expenses during pandemic. Public safety expenses increased due to vacant positions being filled, less any capital asset purchases and increased group insurance expenses.

Total program revenues, general revenues and transfers of governmental activities were more than expenses by \$1,200,034.

Business-type activities. Business-type activities increased the City's net position by \$350,292. Water and sewer revenues were stable from the prior year. Gas revenues were also stable. A modest increase in water is attributed to a small rate increase. An increase can be seen in gas due to recovering industries from the COVID pandemic, and a modest increase in natural gas prices.

The increase in program revenues for business type activities was due to higher water/sewer & gas revenues due to increased rates and industries returning to full operations from the pandemic.

Revenues. Water and sewer charges for service were \$3,359,170. Natural gas charges for service were \$3,931,739. Solid Waste charges for service were \$373,527. 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. Water & Sewer Revenue increases were due to modest rate increases.

Expenses. Water and sewer operating expenses were \$2,630,352. Natural gas expenses were \$2,885,929. Solid Waste expenses were \$328,069. Expenses in the water and sewer fund were due to the increases in the cost of water purchased for resale.

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 \$3,554,136. Approximately 52.14% of this amount or \$1,853,297 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, 2021 unassigned fund balance of the General Fund was \$1,853,297. 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 35.25% of total General Fund expenditures and total General Fund fund balance represents 38.26% of total General Fund expenditures.

SPLOST.

A 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 FY2021 funds in the amount of \$873,309 were received through the SPLOST. Allowable expenditures from the SPLOST funds are limited to the projects identified in the ballot. In FY2021, the City expended SPLOST funds on Roadway Paving, Traffic Signal Replacement and Intersection Improvements, City Hall Improvements, Public Works Lot Improvements, Police Car Replacements, and N. Cherokee and East Hightower Improvements.

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 higher than the prior year as revenues leveled out from being effected by industries not in operation due to COVID restrictions. Expenses in gas increased from the prior year due to wholesale gas purchases. In Solid Waste revenues and expenses were slightly higher due to increased rates.

Unrestricted net position of the Water and Sewer Fund at June 30, 2021 amounted to \$639,641; those of the Natural Gas Fund amounted to \$3,032,844; and those of the Solid Waste Fund amounted to \$93,283. The total change in Water and Sewer net position was \$237,365; the change in Natural Gas net position was \$100,429; and the change in Solid Waste net position was \$12,498.

General Fund Budgetary Highlights

General fund revenues were \$617,283, or 15.53%, more than the final budget. Which can be attributed to higher than expected tax receipts in the amount of \$481,556.

General Fund expenditures were \$307,674 under budgeted expenditures. The primary reason is associated with the vacancies due to turnover in the Public Safety and Fire departments. Restrictive spending related to the pandemic was also a contribution throughout most 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, 2021 amounts to \$28,606,984, (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 \$73,277
- Police Equipment \$9,000
- Administrative Software & Equipment upgrades \$65,442
- Public Works Project \$33,435
- Traffic Signal & Curb Return Project \$569,787
- Public Works Vehicles \$22,179

WATER

- Water Equipment \$17,500
- Water Infrastructure \$1,605,240
- Vehicles \$99,861
- Easements \$23,274

GAS

- Gas Infrastructure \$600,461
- Gas Equipment \$77,290
- Gas Vehicles \$23,871

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Land	\$ 938,408	\$ 938,408	\$ -	\$ -	\$ 938,408	\$ 938,408
Construction in progress	295,976	-	-	80,038	295,976	80,038
Infrastructure	4,348,158	4,727,819	17,378,678	18,624,717	21,726,836	23,352,536
Building	2,100,236	2,307,181	-	-	2,100,236	2,307,181
Equipment and vehicles	1,316,227	1,081,984	768,700	846,837	2,084,927	1,928,821
Total	\$ 8,999,005	\$ 9,055,392	\$ 18,147,378	\$ 19,551,592	\$ 27,146,383	\$ 28,606,984

Additional information on the City’s capital assets can be found in note 6 on pages 39 through 41 of this report.

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 \$7,992,891. Water and sewerage revenue bonds account for \$6,091,210 and notes payable account for \$1,353,459. Governmental Activities account for \$548,222 in financed purchases.

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Revenue bonds payable	\$ -	\$ -	\$ 6,246,238	\$ 6,091,210	\$ 6,246,238	\$ 6,091,210
Notes payable	-	-	464,035	1,353,459	464,035	1,353,459
Compensated absences	113,674	114,250	45,236	45,529	158,910	159,779
Net pension liability	179,103	112,698	60,369	34,773	239,472	147,471
Financed purchases payable	621,387	548,222	-	-	621,387	548,222
Total	<u>\$ 914,164</u>	<u>\$ 775,170</u>	<u>\$ 6,815,878</u>	<u>\$ 7,524,971</u>	<u>\$ 7,730,042</u>	<u>\$ 8,300,141</u>

Additional information on the City's long-term debt can be found in note 7 on pages 41 through 44 of this report.

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. Industries continue to grow, and more growth is in the near future for the city. The effects of COVID-19 are still visible but recovering.

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 are a few vacant storefronts remaining in downtown, however, 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, 2021

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Main Street Commission	Downtown Development Authority	Development Authority
ASSETS						
Cash and cash equivalents	\$ 3,370,774	\$ 3,794,766	\$ 7,165,540	\$ 35,246	\$ 67,519	\$ 74,754
Accounts receivable, net of allowances	21,300	664,846	686,146	-	-	-
Taxes receivable, net of allowances	6,482	-	6,482	-	-	-
Internal balances	125,057	(125,057)	-	-	-	-
Due from other governments	305,312	148,324	453,636	-	-	-
Prepaid expenses	123,202	41,626	164,828	-	-	-
Restricted assets:						
Cash and cash equivalents	-	473,593	473,593	-	-	-
Other assets	-	39,021	39,021	-	-	-
Prepaid bond insurance	-	13,221	13,221	-	-	-
Capital assets:						
Non-depreciable	938,408	80,038	1,018,446	-	59,600	864,436
Depreciable, net of accumulated depreciation	8,116,984	19,471,554	27,588,538	-	-	-
Total assets	13,007,519	24,601,932	37,609,451	35,246	127,119	939,190
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	-	65,012	65,012	-	-	-
Pension related items	98,398	30,360	128,758	-	-	-
Total deferred outflows of resources	98,398	95,372	193,770	-	-	-
LIABILITIES						
Accounts payable	248,349	179,825	428,174	351	-	-
Accrued liabilities	158,155	120,564	278,719	-	-	-
Customer deposits	-	375,884	375,884	-	-	-
Unearned revenue	-	40,725	40,725	-	-	-
Long-term liabilities:						
Portion due or payable within one year:						
Financed purchases	75,389	-	75,389	-	-	-
Notes payable	-	65,221	65,221	-	-	-
Bonds payable	-	135,000	135,000	-	-	-
Compensated absences	55,459	26,308	81,767	-	-	-
Portion due or payable in more than one year:						
Financed purchases	472,833	-	472,833	-	-	-
Notes payable	-	1,288,238	1,288,238	-	-	-
Bonds payable, net	-	5,956,210	5,956,210	-	-	-
Net pension liability	112,698	34,773	147,471	-	-	-
Compensated absences	58,791	19,221	78,012	-	-	-
Total liabilities	1,181,674	8,241,969	9,423,643	351	-	-
DEFERRED INFLOWS OF RESOURCES						
Pension related items	99,877	30,818	130,695	-	-	-
Total deferred inflows of resources	99,877	30,818	130,695	-	-	-
NET POSITION						
Net investment in capital assets	8,507,170	12,185,156	20,692,326	-	59,600	864,436
Restricted for:						
Public safety	90,199	-	90,199	-	-	-
Capital projects	1,018,367	473,593	1,491,960	-	-	-
Library - expendable	84,337	-	84,337	-	-	-
Library - nonexpendable	350,000	-	350,000	-	-	-
Unrestricted	1,774,293	3,765,768	5,540,061	34,895	67,519	74,754
Total net position	\$ 11,824,366	\$ 16,424,517	\$ 28,248,883	\$ 34,895	\$ 127,119	\$ 939,190

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, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 1,466,127	\$ 20,507	\$ 59,858	\$ -
Judicial	65,383	87,022	-	-
Public safety	3,220,929	68,876	352,929	348,143
Public works	681,163	190,034	173,480	470,524
Health and welfare	108,943	-	-	-
Culture and recreation	148,270	666	-	261,107
Housing and development	92,082	-	-	-
Interest on long-term debt	21,931	-	-	-
Total governmental activities	<u>5,804,828</u>	<u>367,105</u>	<u>586,267</u>	<u>1,079,774</u>
Business-type activities:				
Water and sewer	2,838,358	3,420,030	3,177	-
Natural gas	2,885,929	3,931,739	-	-
Solid waste	328,069	373,527	-	-
Total business-type activities	<u>6,052,356</u>	<u>7,725,296</u>	<u>3,177</u>	<u>-</u>
Total primary government	<u>\$ 11,857,184</u>	<u>\$ 8,092,401</u>	<u>\$ 589,444</u>	<u>\$ 1,079,774</u>
Component units:				
Main Street Commission	\$ 47,677	\$ -	\$ 43,683	\$ -
Downtown Development Authority	8,251	9,200	-	59,600
Development Authority	-	-	-	-
Total component units	<u>\$ 55,928</u>	<u>\$ 9,200</u>	<u>\$ 43,683</u>	<u>\$ 59,600</u>

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	
\$ (1,385,762)	\$ -	\$ (1,385,762)	\$ -	\$ -	\$ -	\$ -
21,639	-	21,639	-	-	-	-
(2,450,981)	-	(2,450,981)	-	-	-	-
152,875	-	152,875	-	-	-	-
(108,943)	-	(108,943)	-	-	-	-
113,503	-	113,503	-	-	-	-
(92,082)	-	(92,082)	-	-	-	-
(21,931)	-	(21,931)	-	-	-	-
<u>(3,771,682)</u>	<u>-</u>	<u>(3,771,682)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	584,849	584,849	-	-	-	-
-	1,045,810	1,045,810	-	-	-	-
-	45,458	45,458	-	-	-	-
<u>-</u>	<u>1,676,117</u>	<u>1,676,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (3,771,682)</u>	<u>\$ 1,676,117</u>	<u>\$ (2,095,565)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (3,994)	\$ -	\$ -	\$ -
-	-	-	-	60,549	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,994)</u>	<u>\$ 60,549</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,777,665	\$ -	\$ 1,777,665	\$ -	\$ -	\$ -	\$ -
893,059	-	893,059	-	-	-	-
489,034	-	489,034	-	-	-	-
32,857	-	32,857	-	-	-	-
338,111	-	338,111	-	-	-	-
102,106	-	102,106	-	-	-	-
1,634	806	2,440	-	46	60	60
10,619	-	10,619	-	-	-	-
1,326,631	(1,326,631)	-	-	-	-	-
<u>4,971,716</u>	<u>(1,325,825)</u>	<u>3,645,891</u>	<u>-</u>	<u>46</u>	<u>60</u>	<u>60</u>
1,200,034	350,292	1,550,326	(3,994)	60,595	60	60
10,624,332	16,074,225	26,698,557	38,889	66,524	939,130	939,130
<u>\$ 11,824,366</u>	<u>\$ 16,424,517</u>	<u>\$ 28,248,883</u>	<u>\$ 34,895</u>	<u>\$ 127,119</u>	<u>\$ 939,190</u>	<u>\$ 939,190</u>

CITY OF SOCIAL CIRCLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

ASSETS	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$ 1,950,128	\$ 896,110	\$ 524,536	\$ 3,370,774
Taxes receivable, net of allowance	6,482	-	-	6,482
Accounts receivable	21,300	-	-	21,300
Due from other governments	130,038	175,274	-	305,312
Due from other funds	169,799	-	-	169,799
Prepaid items	123,202	-	-	123,202
Total assets	<u>\$ 2,400,949</u>	<u>\$ 1,071,384</u>	<u>\$ 524,536</u>	<u>\$ 3,996,869</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 240,074	\$ 8,275	\$ -	\$ 248,349
Accrued liabilities	148,097	-	-	148,097
Due to other funds	-	44,742	-	44,742
Total liabilities	<u>388,171</u>	<u>53,017</u>	<u>-</u>	<u>441,188</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	1,545	-	-	1,545
Total deferred inflows of resources	<u>1,545</u>	<u>-</u>	<u>-</u>	<u>1,545</u>
FUND BALANCES				
Nonspendable:				
Permanent fund corpus	-	-	350,000	350,000
Prepays	123,202	-	-	123,202
Restricted:				
Library	-	-	84,337	84,337
Public safety	-	-	90,199	90,199
Capital projects	-	1,018,367	-	1,018,367
Assigned:				
Website design and peak	10,000	-	-	10,000
Fire station generator	24,734	-	-	24,734
Unassigned	1,853,297	-	-	1,853,297
Total fund balances	<u>2,011,233</u>	<u>1,018,367</u>	<u>524,536</u>	<u>3,554,136</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,400,949</u>	<u>\$ 1,071,384</u>	<u>\$ -</u>	

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.	9,055,392
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(672,530)
Some revenues are not available to pay current period expenditures and, therefore, are not reported in the funds.	1,545
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.	<u>(114,177)</u>
Net position of governmental activities	<u>\$ 11,824,366</u>

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, 2021

	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 3,704,781	\$ -	\$ -	\$ 3,704,781
Licenses and permits	202,240	-	-	202,240
Intergovernmental	546,865	1,079,243	-	1,626,108
Fines and forfeitures	87,022	-	68,876	155,898
Charges for services	8,967	-	-	8,967
Interest income	1,268	531	366	2,165
Miscellaneous	39,402	-	-	39,402
Total revenues	<u>4,590,545</u>	<u>1,079,774</u>	<u>69,242</u>	<u>5,739,561</u>
Expenditures				
Current:				
General government	1,264,003	21,874	-	1,285,877
Judicial	65,383	-	-	65,383
Public safety	2,748,979	214,268	7,925	2,971,172
Public works	735,550	479,479	-	1,215,029
Health and welfare	109,736	-	-	109,736
Culture and recreation	148,270	-	-	148,270
Housing and development	92,210	-	-	92,210
Debt service:				
Principal retirements	73,165	-	-	73,165
Interest	19,549	-	-	19,549
Total expenditures	<u>5,256,845</u>	<u>715,621</u>	<u>7,925</u>	<u>5,980,391</u>
Excess (deficiency) of revenues over expenditures	<u>(666,300)</u>	<u>364,153</u>	<u>61,317</u>	<u>(240,830)</u>
Other financing sources				
Transfers in	1,326,631	-	-	1,326,631
Proceeds from sale of capital assets	10,619	-	-	10,619
Total other financing sources	<u>1,337,250</u>	<u>-</u>	<u>-</u>	<u>1,337,250</u>
Net change in fund balances	670,950	364,153	61,317	1,096,420
Fund balances, beginning of year	<u>1,340,283</u>	<u>654,214</u>	<u>463,219</u>	<u>2,457,716</u>
Fund balances, end of year	<u>\$ 2,011,233</u>	<u>\$ 1,018,367</u>	<u>\$ 524,536</u>	<u>\$ 3,554,136</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, 2021

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

Net change in fund balances - total governmental funds	\$	1,096,420
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.		56,387
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(71,949)
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.		73,165
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.		<u>46,011</u>
Change in net position - governmental activities	\$	<u><u>1,200,034</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, 2021

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,223,225	\$ 3,223,225	\$ 3,704,781	\$ 481,556
Licenses and permits	92,400	208,400	202,240	(6,160)
Fines and forfeitures	140,684	140,684	87,022	(53,662)
Interest income	5,000	5,000	1,268	(3,732)
Charges for services	5,500	5,500	8,967	3,467
Intergovernmental	339,721	358,448	546,865	188,417
Miscellaneous	32,005	32,005	39,402	7,397
Total revenues	<u>3,838,535</u>	<u>3,973,262</u>	<u>4,590,545</u>	<u>617,283</u>
Expenditures				
Current:				
General government:				
Governing body	149,511	166,558	166,558	-
Chief executive	161,888	201,798	160,236	41,562
Board of elections	200	200	150	50
Financial administration	458,930	725,740	714,178	11,562
Clerk administration	171,013	198,663	172,958	25,705
Law	45,000	49,923	49,923	-
Total general government	<u>986,542</u>	<u>1,342,882</u>	<u>1,264,003</u>	<u>78,879</u>
Judicial:				
Municipal court	77,905	77,905	65,383	12,522
Total judicial	<u>77,905</u>	<u>77,905</u>	<u>65,383</u>	<u>12,522</u>
Public safety:				
Police	1,616,955	1,604,499	1,535,502	68,997
Fire	1,248,431	1,261,770	1,213,477	48,293
Total public safety	<u>2,865,386</u>	<u>2,866,269</u>	<u>2,748,979</u>	<u>117,290</u>
Public works:				
Highways and streets	646,713	673,113	641,264	31,849
Cemetery	105,422	107,022	94,286	12,736
Total public works	<u>752,135</u>	<u>780,135</u>	<u>735,550</u>	<u>44,585</u>
Health and welfare:				
Transportation services	136,147	139,108	109,736	29,372
Total health and welfare	<u>136,147</u>	<u>139,108</u>	<u>109,736</u>	<u>29,372</u>
Culture and recreation:				
Library	143,738	148,270	148,270	-
Total culture and recreation	<u>143,738</u>	<u>148,270</u>	<u>148,270</u>	<u>-</u>
Housing and development:				
Urban redevelopment and housing	5,500	5,500	2,860	2,640
Economic development and assistance	109,100	111,736	89,350	22,386
Total housing and development	<u>114,600</u>	<u>117,236</u>	<u>92,210</u>	<u>25,026</u>
Debt service:				
Principal	72,303	73,165	73,165	-
Interest	20,409	19,549	19,549	-
Total debt service	<u>92,712</u>	<u>92,714</u>	<u>92,714</u>	<u>-</u>
Total expenditures	<u>5,169,165</u>	<u>5,564,519</u>	<u>5,256,845</u>	<u>307,674</u>
Deficiency of revenues over expenditures	(1,330,630)	(1,591,257)	(666,300)	924,957
Other financing sources				
Transfers in	1,330,630	1,330,630	1,326,631	(3,999)
Proceeds from sale of capital assets	-	-	10,619	10,619
Total other financing sources	<u>1,330,630</u>	<u>1,330,630</u>	<u>1,337,250</u>	<u>6,620</u>
Net change in fund balances	-	(260,627)	670,950	931,577
Fund balance, beginning of year	<u>1,340,283</u>	<u>1,340,283</u>	<u>1,340,283</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,340,283</u>	<u>\$ 1,079,656</u>	<u>\$ 2,011,233</u>	<u>\$ 931,577</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, 2021

ASSETS	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
CURRENT ASSETS				
Cash and cash equivalents	\$ 529,184	\$ 3,199,219	\$ 66,363	\$ 3,794,766
Accounts receivable, net	286,742	329,653	48,451	664,846
Due from other funds	53,835	-	6,294	60,129
Due from other governments	147,982	342	-	148,324
Prepaid items	37,327	4,299	-	41,626
	<u>1,055,070</u>	<u>3,533,513</u>	<u>121,108</u>	<u>4,709,691</u>
Restricted assets				
Cash and cash equivalents	473,593	-	-	473,593
Total current assets	<u>1,528,663</u>	<u>3,533,513</u>	<u>121,108</u>	<u>5,183,284</u>
NONCURRENT ASSETS				
Prepaid bond insurance	13,221	-	-	13,221
Other assets	39,021	-	-	39,021
	<u>52,242</u>	<u>-</u>	<u>-</u>	<u>52,242</u>
CAPITAL ASSETS				
Nondepreciable	80,038	-	-	80,038
Depreciable, net of accumulated depreciation	15,247,805	4,223,749	-	19,471,554
	<u>15,327,843</u>	<u>4,223,749</u>	<u>-</u>	<u>19,551,592</u>
Total noncurrent assets	<u>15,380,085</u>	<u>4,223,749</u>	<u>-</u>	<u>19,603,834</u>
Total assets	<u>16,908,748</u>	<u>7,757,262</u>	<u>121,108</u>	<u>24,787,118</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	65,012	-	-	65,012
Pension related items	23,713	6,647	-	30,360
	<u>88,725</u>	<u>6,647</u>	<u>-</u>	<u>95,372</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	1,852	177,915	58	179,825
Accrued liabilities	113,243	7,321	-	120,564
Customer deposits	140,496	235,388	-	375,884
Unearned revenue	40,725	-	-	40,725
Due to other funds	90,905	66,514	27,767	185,186
Compensated absences payable - current	20,491	5,817	-	26,308
Revenue bonds payable - current	135,000	-	-	135,000
Notes payable - current	65,221	-	-	65,221
Total current liabilities	<u>607,933</u>	<u>492,955</u>	<u>27,825</u>	<u>1,128,713</u>
NONCURRENT LIABILITIES				
Revenue bonds payable	5,956,210	-	-	5,956,210
Notes payable	1,288,238	-	-	1,288,238
Net pension liability	27,160	7,613	-	34,773
Compensated absences payable	19,221	-	-	19,221
Total noncurrent liabilities	<u>7,290,829</u>	<u>7,613</u>	<u>-</u>	<u>7,298,442</u>
Total liabilities	<u>7,898,762</u>	<u>500,568</u>	<u>27,825</u>	<u>8,427,155</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	24,070	6,748	-	30,818
	<u>24,070</u>	<u>6,748</u>	<u>-</u>	<u>30,818</u>
NET POSITION				
Net investment in capital assets	7,961,407	4,223,749	-	12,185,156
Restricted for capital projects	473,593	-	-	473,593
Unrestricted	639,641	3,032,844	93,283	3,765,768
Total net position	<u>\$ 9,074,641</u>	<u>\$ 7,256,593</u>	<u>\$ 93,283</u>	<u>\$ 16,424,517</u>

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, 2021

	Business-type Activities - Enterprise Funds			Totals
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	
OPERATING REVENUES				
Charges for sales and services	\$ 3,359,170	\$ 3,931,739	\$ 373,527	\$ 7,664,436
Intergovernmental revenue	60,860	-	-	60,860
Total operating revenues	<u>3,420,030</u>	<u>3,931,739</u>	<u>373,527</u>	<u>7,725,296</u>
OPERATING EXPENSES				
Cost of sales and services	129,773	2,125,498	-	2,255,271
General operating expenses	1,770,448	447,279	328,069	2,545,796
Depreciation	730,131	313,152	-	1,043,283
Total operating expenses	<u>2,630,352</u>	<u>2,885,929</u>	<u>328,069</u>	<u>5,844,350</u>
Operating income	<u>789,678</u>	<u>1,045,810</u>	<u>45,458</u>	<u>1,880,946</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	806	-	-	806
Interest expense	(208,006)	-	-	(208,006)
Other revenue	3,177	-	-	3,177
Total non-operating revenues (expenses)	<u>(204,023)</u>	<u>-</u>	<u>-</u>	<u>(204,023)</u>
Income before transfers	585,655	1,045,810	45,458	1,676,923
Transfers out	(348,290)	(945,381)	(32,960)	(1,326,631)
Change in net position	237,365	100,429	12,498	350,292
Net position, beginning of year	<u>8,837,276</u>	<u>7,156,164</u>	<u>80,785</u>	<u>16,074,225</u>
Net position, end of year	<u>\$ 9,074,641</u>	<u>\$ 7,256,593</u>	<u>\$ 93,283</u>	<u>\$ 16,424,517</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, 2021

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,335,094	\$ 3,840,837	\$ 374,154	\$ 7,550,085
Payments to suppliers	(1,063,267)	(2,258,777)	(324,870)	(3,646,914)
Payments to employees	(838,401)	(223,294)	-	(1,061,695)
Net cash provided by operating activities	<u>1,433,426</u>	<u>1,358,766</u>	<u>49,284</u>	<u>2,841,476</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Other receipts	3,177	-	-	3,177
Transfers out to other funds	(348,290)	(945,381)	(32,960)	(1,326,631)
Net cash used in non-capital financing activities	<u>(345,113)</u>	<u>(945,381)</u>	<u>(32,960)</u>	<u>(1,323,454)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(1,745,875)	(701,622)	-	(2,447,497)
Principal payments on bonds payable	(147,000)	-	-	(147,000)
Proceeds from notes payable	912,512	-	-	912,512
Principal payments on notes payable	(23,088)	-	-	(23,088)
Interest and bond issuance costs paid	(194,322)	-	-	(194,322)
Net cash used in capital and related financing activities	<u>(1,197,773)</u>	<u>(701,622)</u>	<u>-</u>	<u>(1,899,395)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	806	-	-	806
Net cash provided by investing activities	<u>806</u>	<u>-</u>	<u>-</u>	<u>806</u>
Net increase (decrease) in cash and cash equivalents	(108,654)	(288,237)	16,324	(380,567)
Cash and cash equivalents, beginning of year	1,111,431	3,487,456	50,039	4,648,926
Cash and cash equivalents, end of year	<u>\$ 1,002,777</u>	<u>\$ 3,199,219</u>	<u>\$ 66,363</u>	<u>\$ 4,268,359</u>
Classified as:				
Cash and cash equivalents	\$ 529,184	\$ 3,199,219	\$ 66,363	\$ 3,794,766
Restricted cash and cash equivalents	473,593	-	-	473,593
	<u>\$ 1,002,777</u>	<u>\$ 3,199,219</u>	<u>\$ 66,363</u>	<u>\$ 4,268,359</u>

(Continued)

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 789,678	\$ 1,045,810	\$ 45,458	\$ 1,880,946
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	730,131	313,152	-	1,043,283
Changes in assets, deferred outflows/inflows of resources and liabilities:				
(Increase) decrease in accounts receivable	(14,008)	(90,902)	4,317	(100,593)
Increase in due from other governments	(60,248)	-	-	(60,248)
Increase in due from other funds	(26,371)	-	(3,690)	(30,061)
Increase in prepaid items	(2,609)	(609)	-	(3,218)
Decrease in pension related deferred outflows of resources	8,664	2,427	-	11,091
Increase in accounts payable	1,852	58,149	58	60,059
Increase in accrued liabilities	2,142	2,270	-	4,412
Increase in customer deposits	13,907	17,047	-	30,954
Decrease in net pension liability	(19,992)	(5,604)	-	(25,596)
Decrease in pension related deferred inflows of resources	(4,107)	(1,150)	-	(5,257)
Increase (decrease) in compensated absences payable	(519)	812	-	293
Increase in unearned revenue	15,691	-	-	15,691
Increase (decrease) in due to other funds	(785)	17,364	3,141	19,720
Net cash provided by operating activities	<u>\$ 1,433,426</u>	<u>\$ 1,358,766</u>	<u>\$ 49,284</u>	<u>\$ 2,841,476</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2021

	Board of Education Fund
ASSETS	
Cash	\$ 18,955
Taxes receivable	17,991
Total assets	36,946
LIABILITIES	
Due to others	15,810
Uncollected taxes	21,136
Total liabilities	36,946
NET POSITION	
Restricted:	
Individuals, organizations, and other governments	-
Total net position	\$ -

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2021

	Board of Education Fund
ADDITIONS	
Taxes	\$ 3,544,149
Total additions	3,544,149
DEDUCTIONS	
Taxes paid to other governments	3,544,149
Total deductions	3,544,149
Change in fiduciary net position	
NET POSITION, beginning of year	-
NET POSITION, end of year	\$ -

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

CITY OF SOCIAL CIRCLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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. Upon dissolution of the Authority, the City would retain the Authority's assets and liabilities. 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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *custodial 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. Interfund services provided and used are not eliminated in the process of consolidation.

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

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/S1+ 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, 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

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 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

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

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

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

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 \$672,530 difference are as follows:

Financed purchase payable	\$	(548,222)
Accrued interest payable		(10,058)
Compensated absences		<u>(114,250)</u>
Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	<u><u>(672,530)</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 \$114,177 difference are as follows:

Net pension liability	\$	(112,698)
Deferred outflows of resources		98,398
Deferred inflows of resources		<u>(99,877)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	<u><u>(114,177)</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 \$56,387 difference are as follows:

Capital outlay	\$ 773,120
Depreciation expense	(716,733)
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>	\$ 56,387

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 \$46,011 difference are as follows:

Compensated absences	\$ (576)
Pension expense	48,969
Accrued interest	(2,382)
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>	\$ 46,011

NOTES TO FINANCIAL STATEMENTS

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, 2021, 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, 2021 are summarized as follows:

Amounts as presented on the entity wide statement of net position:	
Cash and cash equivalents	\$ 7,165,540
Restricted cash and cash equivalents	473,593
Cash as presented on the Statement of Fiduciary Net Position	18,955
Total	<u>\$ 7,658,088</u>
Cash deposited with financial institutions	\$ 2,313,932
Cash deposited with Georgia Fund One	5,344,156
	<u>\$ 7,658,088</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

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/S1+ 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, 2021, the Georgia Fund One weighted average maturity was 36 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, 2021, 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, 2021, 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, 2021, 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 & Sewer</u>	<u>Natural Gas</u>	<u>Other Enterprise</u>
Receivables:					
Taxes	\$ 7,672	\$ -	\$ -	\$ -	\$ -
Accounts	21,300	-	467,514	365,283	92,056
Other governments	130,038	175,274	147,982	342	-
Less allowance for uncollectible	1,190	-	180,772	35,630	43,605
Net total receivable	<u>\$ 157,820</u>	<u>\$ 175,274</u>	<u>\$ 434,724</u>	<u>\$ 329,995</u>	<u>\$ 48,451</u>

NOTE 6. CAPITAL ASSETS

Primary Government

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 938,408	\$ -	\$ -	\$ -	\$ 938,408
Construction in progress	295,976	-	-	(295,976)	-
Total	<u>1,234,384</u>	<u>-</u>	<u>-</u>	<u>(295,976)</u>	<u>938,408</u>
Capital assets, being depreciated:					
Infrastructure	5,863,779	569,787	-	-	6,433,566
Buildings and improvements	3,999,939	33,435	-	295,976	4,329,350
Equipment, furniture & vehicles	3,776,777	169,898	(127,338)	-	3,819,337
Total	<u>13,640,495</u>	<u>773,120</u>	<u>(127,338)</u>	<u>295,976</u>	<u>14,582,253</u>
Less accumulated depreciation for:					
Infrastructure	(1,515,621)	(190,126)	-	-	(1,705,747)
Buildings and improvements	(1,899,703)	(122,466)	-	-	(2,022,169)
Equipment, furniture & vehicles	(2,460,550)	(404,141)	127,338	-	(2,737,353)
Total	<u>(5,875,874)</u>	<u>(716,733)</u>	<u>127,338</u>	<u>-</u>	<u>(6,465,269)</u>
Total capital assets, being depreciated, net	<u>7,764,621</u>	<u>56,387</u>	<u>-</u>	<u>295,976</u>	<u>8,116,984</u>
Governmental activities capital assets, net	<u>\$ 8,999,005</u>	<u>\$ 56,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,055,392</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
	\$ -	\$ 23,274	\$ -	\$ 23,274
Construction in progress	-	56,764	-	56,764
Total	-	80,038	-	80,038
Capital assets, being depreciated:				
Infrastructure	25,621,523	2,148,936	-	27,770,459
Machinery & equipment	1,307,856	94,791	-	1,402,647
Vehicles	330,779	123,732	-	454,511
Total	27,260,158	2,367,459	-	29,627,617
Less accumulated depreciation for:				
Infrastructure	(8,242,848)	(902,894)	-	(9,145,742)
Machinery & equipment	(540,557)	(119,490)	-	(660,047)
Vehicles	(329,375)	(20,899)	-	(350,274)
Total	(9,112,780)	(1,043,283)	-	(10,156,063)
Total capital assets, being depreciated, net	18,147,378	1,324,176	-	19,471,554
Governmental activities capital assets, net	\$ 18,147,378	\$ 1,404,214	\$ -	\$ 19,551,592

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

Governmental activities:	
General government	\$ 258,288
Public safety	362,957
Public works	95,488
Total depreciation expense - governmental activities	\$ 716,733
Business-type activities:	
Water & sewer	\$ 730,131
Natural gas	313,152
Total depreciation expense - business-type activities	\$ 1,043,283

Development Authority

Capital asset activity for the fiscal year ended June 30, 2021 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 6. CAPITAL ASSETS (CONTINUED)

Downtown Development Authority

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ -	\$ 59,600	\$ -	\$ 59,600
Total	<u>-</u>	<u>59,600</u>	<u>-</u>	<u>59,600</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 59,600</u>	<u>\$ -</u>	<u>\$ 59,600</u>

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Financed purchase payable	\$ 621,387	\$ -	\$ (73,165)	\$ 548,222	\$ 75,389
Compensated absences	113,674	65,176	(64,600)	114,250	55,459
Net pension liability	179,103	327,490	(393,895)	112,698	-
Governmental activities Long-term liabilities	<u>\$ 914,164</u>	<u>\$ 392,666</u>	<u>\$ (531,660)</u>	<u>\$ 775,170</u>	<u>\$ 130,848</u>
Business-type activities:					
Revenue bonds payable	\$ 6,109,000	\$ -	\$ (147,000)	\$ 5,962,000	\$ 135,000
Add: Premium	137,238	-	(8,028)	129,210	-
Net bonds payable	6,246,238	-	(155,028)	6,091,210	135,000
Note payable	464,035	912,512	(23,088)	1,353,459	65,221
Compensated absences	45,236	20,017	(19,724)	45,529	26,308
Net pension liability	60,369	101,045	(126,641)	34,773	-
Business-type activities Long-term liabilities	<u>\$ 6,815,878</u>	<u>\$ 1,033,574</u>	<u>\$ (324,481)</u>	<u>\$ 7,524,971</u>	<u>\$ 226,529</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 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	
2022	\$ 135,000	\$ 203,753	\$ 338,753
2023	140,000	199,736	339,736
2024	145,000	195,569	340,569
2025	146,000	191,252	337,252
2026	151,000	186,571	337,571
2027-2031	1,062,000	854,351	1,916,351
2032-2036	1,488,000	671,972	2,159,972
2037-2041	1,380,000	433,000	1,813,000
2042-2045	1,315,000	134,200	1,449,200
Total	<u>\$ 5,962,000</u>	<u>\$ 3,070,404</u>	<u>\$ 9,032,404</u>

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.

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, 2021, the City had made draws totaling \$854,114 on this note payable to GEFA. The note bears interest at a fixed rate of 0.94% payable at the beginning of each month beginning January 2021 until 2041.

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 65,221	\$ 9,218	\$ 74,439
2023	68,808	8,405	77,213
2024	68,601	7,704	76,305
2025	69,298	7,007	76,305
2026	70,002	6,303	76,305
2027-2031	291,652	21,253	312,905
2032-2036	153,324	11,502	164,826
2037-2041	160,699	4,128	164,827
2042	259,722	6	259,728
Total	<u>\$ 1,207,327</u>	<u>\$ 75,526</u>	<u>\$ 1,282,853</u>

In February 2021, the City executed a promissory note to the Georgia Environmental Finance Authority (GEFA) to borrow up to \$3,320,000 from the Clean Water State Revolving Fund for various water system upgrades. As of June 30, 2021, the City had made draws totaling \$146,132 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

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, 2021 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,			
2022	\$ 75,389	\$ 17,325	\$ 92,714
2023	77,684	15,030	92,714
2024	80,052	12,662	92,714
2025	82,495	10,219	92,714
2026	85,017	7,698	92,715
2027-2029	147,585	8,736	156,321
Total	<u>\$ 548,222</u>	<u>\$ 71,670</u>	<u>\$ 619,892</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General fund	Water and sewer fund	\$ 88,384
General fund	Natural gas fund	8,906
General fund	Nonmajor enterprise fund	27,767
General fund	SPLOST fund	44,742
Water and sewer fund	Natural gas fund	53,835
Nonmajor enterprise fund	Water and sewer fund	2,521
Nonmajor enterprise fund	Natural gas fund	3,773
		\$ 229,928

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:

Transfers In	Transfers Out	Amount
General fund	Water and sewer fund	\$ 348,290
General fund	Natural gas fund	945,381
General fund	Nonmajor enterprise fund	32,960
		\$ 1,326,631

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

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, 2021, the date of the most recent actuarial valuation, there were 116 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	26
Terminated vested participants not yet receiving benefits	23
Active employees - vested	21
Active employees - nonvested	46
Total	116

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 2021, the actuarially determined contribution rate was 5.20% of covered payroll. The City makes all contributions to the plan. For 2021, the City's contribution to the Plan was \$150,169.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2020.

Actuarial assumptions. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		2.25%
Salary increases		3.00% - 8.50%, including inflation
Investment rate of return	7.375%, net of pension plan investment expense, including inflation	

Mortality rates for the January 1, 2020 valuation were based on the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015–June 30, 2019.

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 1.70% 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, 2020 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	7.05
Real estate	10%	4.50
Global fixed income	5%	1.25
Domestic fixed income	20%	1.15
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%. 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.

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, 2021 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/20	\$ 3,788,694	\$ 3,549,222	\$ 239,472
Changes for the year:			
Service cost	127,360	-	127,360
Interest	283,542	-	283,542
Differences between expected and actual experience	(12,247)	-	(12,247)
Contributions – employer	-	164,330	(164,330)
Net investment income	-	343,959	(343,959)
Benefit payments, including refunds of employee contributions	(142,832)	(142,832)	-
Administrative expense	-	(17,633)	17,633
Net changes	255,823	347,824	(92,001)
Balances at 6/30/21	\$ 4,044,517	\$ 3,897,046	\$ 147,471

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:

	<u>1% Decrease (6.375%)</u>	<u>Current Discount Rate (7.375%)</u>	<u>1% Increase (8.375%)</u>
City's net pension liability	\$ 706,795	\$ 147,471	\$ (312,762)

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, 2020 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, 2021, the City recognized pension expense of \$81,438. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,131	\$ (23,450)
Changes in assumptions	-	(64,109)
Net difference between projected and actual earnings on pension plan investments	-	(43,136)
City contributions subsequent to the measurement date	112,627	-
Total	\$ 128,758	\$ (130,695)

City contributions subsequent to the measurement date of \$112,627 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, 2022. 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:	
2022	\$ (73,025)
2023	(18,937)
2024	(3,741)
2025	(18,861)
Total	\$ (114,564)

NOTES TO FINANCIAL STATEMENTS

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, 2021, there were 62 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, 2021 were \$63,170.

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 2021, 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 \$1,725,363 in fiscal year 2021.

At June 30, 2021, the outstanding debt of MGAG was approximately \$145.9 million. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately \$1.7 million at June 30, 2021.

NOTE 15. TAX ABATEMENTS

For the year ended June 30, 2021, City property tax revenues were reduced by \$19,526 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

NOTE 16. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, the City is required to reevaluate the accounting treatment of fiduciary activities. The new standard requires the City to determine if its agency fund is still considered fiduciary, and if so, if it is considered a custodial fund under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the implementation of GASB Statement No. 84, the City's Board of Education Fund now reflects net position and changes in fiduciary net position as a custodial fund.

REQUIRED SUPPLEMENTARY INFORMATION

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	2021
Total pension liability							
Service cost	\$ 82,778	\$ 110,674	\$ 120,656	\$ 110,419	\$ 130,827	\$ 153,724	\$ 127,360
Interest on total pension liability	186,271	199,876	223,499	237,815	253,090	274,624	283,542
Differences between expected and actual experience	23,309	96,814	(59,359)	(68,150)	(60)	26,884	(12,247)
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)	(142,832)
Other changes	-	-	-	(4,824)	-	-	-
Net change in total pension liability	<u>180,939</u>	<u>302,986</u>	<u>184,084</u>	<u>175,831</u>	<u>283,017</u>	<u>211,547</u>	<u>255,823</u>
Total pension liability - beginning	<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>	<u>3,788,694</u>
Total pension liability - ending (a)	<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>	<u>\$ 4,044,517</u>
Plan fiduciary net position							
Contributions - employer	\$ 96,015	\$ 110,350	\$ 121,350	\$ 124,029	\$ 132,558	\$ 165,666	\$ 164,330
Net investment income	244,943	27,136	269,340	406,310	309,474	103,949	343,959
Benefit payments, including refunds of member contributions	(93,585)	(104,378)	(100,712)	(99,429)	(100,840)	(138,447)	(142,832)
Administrative expenses	(7,860)	(9,627)	(8,830)	(15,680)	(14,609)	(14,059)	(17,633)
Net change in plan fiduciary net position	<u>239,513</u>	<u>23,481</u>	<u>281,148</u>	<u>415,230</u>	<u>326,583</u>	<u>117,109</u>	<u>347,824</u>
Plan fiduciary net position - beginning	<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>	<u>3,549,222</u>
Plan fiduciary net position - ending (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>	<u>\$ 3,897,046</u>
City's net pension liability - ending (a) - (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>	<u>\$ 147,471</u>
Plan fiduciary net position as a percentage of the total pension liability	90.67%	82.11%	86.27%	94.27%	95.95%	93.68%	96.35%
Covered payroll	\$ 1,387,784	\$ 1,624,677	\$ 1,974,526	\$ 1,888,119	\$ 2,175,290	\$ 2,405,748	\$ 2,737,748
City's net pension liability as a percentage of covered payroll	17.69%	32.32%	21.68%	9.99%	6.67%	9.95%	5.39%

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

	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 97,541	\$ 116,265	\$ 136,605	\$ 129,453	\$ 148,084	\$ 169,050	\$ 150,169
Contributions in relation to the actuarially determined contribution	97,541	116,265	136,605	129,453	148,084	169,050	150,169
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,387,784	\$ 1,703,641	\$ 2,064,821	\$ 1,829,218	\$ 2,290,647	\$ 2,597,925	\$ 2,886,781
Contributions as a percentage of covered payroll	7.03%	6.82%	6.62%	7.08%	6.46%	6.51%	5.20%

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

CITY OF SOCIAL CIRCLE, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

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, 2021**

ASSETS	Special Revenue Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Confiscations Pending Fund	Library Fund	
Cash and cash equivalents	\$ 90,199	\$ 434,337	\$ 524,536
Total assets	<u>\$ 90,199</u>	<u>\$ 434,337</u>	<u>\$ 524,536</u>
FUND BALANCES			
Nonspendable - corpus	-	350,000	350,000
Restricted:			
Library	-	84,337	84,337
Public safety	90,199	-	90,199
Total fund balances	<u>\$ 90,199</u>	<u>\$ 434,337</u>	<u>\$ 524,536</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, 2021**

	<u>Special Revenue Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
	<u>Confiscations Pending Fund</u>	<u>Library Fund</u>	<u>Nonmajor Governmental Funds</u>
REVENUES			
Investment income	\$ 15	\$ 351	\$ 366
Fines and forfeitures	68,876	-	68,876
	<u>68,891</u>	<u>351</u>	<u>69,242</u>
Total revenues			
EXPENDITURES			
Current			
Public safety	7,925	-	7,925
	<u>7,925</u>	<u>-</u>	<u>7,925</u>
Total expenditures			
Net change in fund balances	60,966	351	61,317
FUND BALANCES, beginning of year	<u>29,233</u>	<u>433,986</u>	<u>463,219</u>
FUND BALANCES, end of year	<u>\$ 90,199</u>	<u>\$ 434,337</u>	<u>\$ 524,536</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, 2021**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 15	\$ 15
Fines and forfeitures	61,500	61,500	68,876	7,376
Total revenues	61,500	61,500	68,891	7,391
EXPENDITURES				
Public safety	61,500	61,500	7,925	53,575
Total expenditures	61,500	61,500	7,925	53,575
Net change in fund balances	-	-	60,966	60,966
FUND BALANCES, beginning of year	29,233	29,233	29,233	-
FUND BALANCES, end of year	\$ 29,233	\$ 29,233	\$ 90,199	\$ 60,966

**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, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 6,000	\$ 6,000	\$ 351	\$ (5,649)
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>351</u>	<u>(5,649)</u>
OTHER FINANCING USES				
Transfers out	<u>(6,000)</u>	<u>(6,000)</u>	-	<u>6,000</u>
Total other financing uses	(6,000)	(6,000)	-	6,000
Net change in fund balances	-	-	351	351
FUND BALANCES, beginning of year	<u>433,986</u>	<u>433,986</u>	<u>433,986</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 433,986</u>	<u>\$ 433,986</u>	<u>\$ 434,337</u>	<u>\$ 351</u>

CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<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	\$ 848,240	\$ 148,916	\$ 997,156
Library improvements and expansion	500,000	500,000	500,000	-	500,000
Water and sewer improvements	500,000	500,000	487,030	-	487,030
Recreation playgrounds	250,000	250,000	100,996	-	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>\$ 2,936,256</u>	<u>\$ 148,916</u>	<u>\$ 3,085,172</u>
 <u>2019 Projects</u>					
Transportation	\$ 1,000,000	\$ 1,000,000	\$ 284,756	446,044	\$ 730,800
Water and Sewer Infrastructure	1,160,869	1,160,869	-	-	-
Public Safety	385,000	385,000	-	65,352	65,352
Parks and Recreation	100,000	100,000	-	-	-
Building Upgrades and Improvements	250,000	250,000	209,993	55,309	265,302
Total 2019 SPLOST Expenditures	<u>\$ 2,895,869</u>	<u>\$ 2,895,869</u>	<u>\$ 494,749</u>	<u>\$ 566,705</u>	<u>\$ 1,061,454</u>

COMPONENT UNITS

**CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - MAIN STREET COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 43,683
Payments to suppliers	<u>(47,326)</u>
Net cash used in operating activities	<u>(3,643)</u>
 Net decrease in cash and cash equivalents	 (3,643)
 Cash and cash equivalents, beginning of year	 <u>38,889</u>
 Cash and cash equivalents, end of year	 <u><u>\$ 35,246</u></u>

RECONCILIATION OF OPERATING LOSS TO NET

CASH USED IN OPERATING ACTIVITIES

Operating loss	\$ (3,994)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
Increase in accounts payable	<u>351</u>
 Net cash used in operating activities	 <u><u>\$ (3,643)</u></u>

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 9,200
Payments to suppliers	<u>(8,251)</u>
Net cash provided by operating activities	<u>949</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>46</u>
Net cash provided by investing activities	<u>46</u>

Net increase in cash and cash equivalents 995

Cash and cash equivalents, beginning of year 66,524

Cash and cash equivalents, end of year \$ 67,519

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	<u>\$ 949</u>
Net cash provided by operating activities	<u>\$ 949</u>

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Capital contributions	<u>\$ 59,600</u>
Total noncash capital and related financing activities	<u>\$ 59,600</u>

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	\$ 60
Net cash provided by investing activities	<u>60</u>
Net increase in cash and cash equivalents	60
Cash and cash equivalents, beginning of year	<u>74,694</u>
Cash and cash equivalents, end of year	<u><u>\$ 74,754</u></u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Social Circle's Annual Comprehensive 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
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These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	73
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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
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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
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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 Annual Comprehensive financial report.

CITY OF SOCIAL CIRCLE, GEORGIA
NET POSITION BY COMPONENT
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities					
Net investment in capital assets	\$ 6,897	\$ 6,566	\$ 6,812	\$ 6,658	\$ 7,730
Restricted	459	654	1,146	1,538	589
Unrestricted	1,189	1,335	972	764	523
Total governmental activities net position	<u>\$ 8,545</u>	<u>\$ 8,554</u>	<u>\$ 8,930</u>	<u>\$ 8,960</u>	<u>\$ 8,842</u>
Business-type activities					
Net investment in capital assets	\$ 8,307	\$ 8,799	\$ 8,887	\$ 10,129	\$ 9,933
Restricted	231	256	345	370	-
Unrestricted	3,867	3,300	3,527	2,733	3,913
Total business-type activities net position	<u>\$ 12,405</u>	<u>\$ 12,356</u>	<u>\$ 12,759</u>	<u>\$ 13,232</u>	<u>\$ 13,846</u>
Primary government					
Net investment in capital assets	\$ 15,204	\$ 15,365	\$ 15,699	\$ 16,787	\$ 17,663
Restricted	690	910	1,491	1,908	589
Unrestricted	5,056	4,635	4,499	3,497	4,436
Total primary government net position	<u>\$ 20,950</u>	<u>\$ 20,910</u>	<u>\$ 21,689</u>	<u>\$ 22,192</u>	<u>\$ 22,688</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 7,528	\$ 7,599	\$ 7,845	\$ 8,378	\$ 8,507
670	956	954	1,117	1,543
659	750	1,111	1,129	1,774
<u>\$ 8,857</u>	<u>\$ 9,305</u>	<u>\$ 9,910</u>	<u>\$ 10,624</u>	<u>\$ 11,824</u>
\$ 9,632	\$ 9,693	\$ 11,419	\$ 11,521	\$ 12,185
593	654	466	473	474
4,253	4,539	3,496	4,080	3,766
<u>\$ 14,478</u>	<u>\$ 14,886</u>	<u>\$ 15,381</u>	<u>\$ 16,074</u>	<u>\$ 16,425</u>
\$ 17,160	\$ 17,292	\$ 19,264	\$ 19,898	\$ 20,692
1,263	1,610	1,420	1,591	2,016
4,912	5,289	4,607	5,209	5,540
<u>\$ 23,335</u>	<u>\$ 24,191</u>	<u>\$ 25,291</u>	<u>\$ 26,699</u>	<u>\$ 28,249</u>

CITY OF SOCIAL CIRCLE, GEORGIA
CHANGES IN NET POSITION
LAST TEN YEARS
(Modified accrual basis of accounting)
(amounts expressed in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 616	\$ 946	\$ 920	\$ 1,034	\$ 1,105	\$ 1,151	\$ 1,114	\$ 1,262	\$ 1,054	\$ 1,466
Judicial	13	8	22	16	17	21	27	43	67	65
Public safety	1,464	1,739	1,849	1,904	2,030	2,281	2,505	2,765	2,899	3,221
Public works	561	731	685	854	806	1,059	845	695	993	681
Health and welfare	83	88	92	89	78	102	126	115	103	109
Culture and recreation	139	139	142	143	142	145	186	631	190	148
Housing and development	102	85	145	79	85	99	104	101	304	92
Interest on long-term debt	5	2	19	23	21	20	19	20	10	22
Total governmental activities expenses	2,982	3,738	3,875	4,142	4,287	4,878	4,926	5,632	5,621	5,805
Business-type activities										
Water and sewer	2,099	1,947	1,881	1,945	2,225	2,413	2,360	2,431	2,526	2,838
Natural gas	2,393	2,311	2,588	2,293	2,097	2,221	2,507	2,972	2,277	2,886
Solid waste	334	252	253	242	252	279	286	300	252	328
Total business-type activities expenses	4,826	4,511	4,722	4,480	4,574	4,912	5,153	5,703	5,055	6,052
Total primary government expenses	\$ 7,808	\$ 8,248	\$ 8,597	\$ 8,622	\$ 8,861	\$ 9,789	\$ 10,079	\$ 11,335	\$ 10,676	\$ 11,857
Program Revenues										
Charges for services:										
General government	\$ 168	\$ 6	\$ 21	\$ 20	\$ 21	\$ 22	\$ 13	\$ 21	\$ 20	\$ 21
Judicial	-	-	159	162	112	94	151	111	112	87
Public safety	13	111	-	-	43	15	213	109	51	69
Public works	13	16	14	39	67	64	63	98	140	190
Culture and recreation	2	0	16	22	18	11	57	115	-	1
Total charges for services:	195	133	210	243	261	207	496	454	323	367
Operating grants and contributions	222	181	740	226	165	268	284	771	471	586
Capital grants and contributions	493	241	4	519	509	528	589	502	908	1,080
Total governmental activities program revenues	910	554	954	988	935	1,003	1,370	1,726	1,701	2,033
Business-type activities										
Charges for services:										
Water and sewer	2,096	2,055	2,053	2,336	2,718	2,830	2,748	2,957	3,218	3,420
Natural gas	2,476	2,855	3,517	3,229	2,756	3,531	3,488	4,143	3,491	3,932
Solid waste	274	279	281	314	314	325	327	342	310	374
Operating grants and contributions	-	29	1	2	10	3	1	2	4	3
Capital grants and contributions	418	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	5,264	5,218	5,852	5,881	5,799	6,690	6,565	7,444	7,023	7,728
Total primary government program revenues	\$ 6,174	\$ 5,772	\$ 6,806	\$ 6,869	\$ 6,734	\$ 7,693	\$ 7,935	\$ 9,170	\$ 8,724	\$ 9,762
Net (expenses)/revenue										
Governmental activities	\$ (2,073)	\$ (3,184)	\$ (2,921)	\$ (3,154)	\$ (3,352)	\$ (3,875)	\$ (3,556)	\$ (3,906)	\$ (3,919)	\$ (3,772)
Business-type activities	439	707	1,130	1,401	1,225	1,779	1,412	1,741	1,968	1,676
Total primary government net expense	\$ (1,634)	\$ (2,477)	\$ (1,791)	\$ (1,753)	\$ (2,127)	\$ (2,096)	\$ (2,144)	\$ (2,165)	\$ (1,951)	\$ (2,096)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 1,140	\$ 1,057	\$ 1,097	\$ 1,076	\$ 1,153	\$ 1,334	\$ 1,527	\$ 1,541	\$ 1,569	\$ 1,778
Franchise taxes	480	439	437	465	458	455	445	476	488	489
Sales taxes	582	565	526	547	539	564	593	720	842	893
Other taxes	344	333	104	85	102	86	108	95	431	473
Unrestricted investment earnings	29	17	38	20	36	5	13	15	19	2
Gain on sale of capital assets	57	-	83	-	22	283	3	68	-	11
Miscellaneous	44	41	236	253	263	12	305	322	-	-
Transfers	(78)	735	775	916	660	1,151	1,010	1,273	1,285	1,327
Total governmental activities	2,598	3,177	3,296	3,362	3,233	3,890	4,004	4,510	4,634	4,972
Business-type activities:										
Other taxes	63	62	49	43	50	4	5	28	-	-
Unrestricted investment earnings	-	-	-	-	-	-	-	-	9	1
Gain on sale of capital assets	-	14	-	-	-	-	-	-	-	-
Transfers	78	(735)	(775)	(916)	(660)	(1,151)	(1,010)	(1,273)	(1,285)	(1,327)
Total business-type activities	141	(659)	(726)	(873)	(610)	(1,147)	(1,005)	(1,245)	(1,276)	(1,326)
Total primary government	\$ 2,739	\$ 2,518	\$ 2,570	\$ 2,489	\$ 2,623	\$ 2,743	\$ 2,999	\$ 3,265	\$ 3,358	\$ 3,646
Change in Net Position										
Governmental activities	\$ 526	\$ 9	\$ 375	\$ 205	\$ (118)	\$ 15	\$ 448	\$ 604	\$ 715	\$ 1,200
Business-type activities	579	48	403	528	615	632	408	496	692	350
Total primary government	\$ 1,105	\$ 57	\$ 778	\$ 733	\$ 497	\$ 647	\$ 856	\$ 1,100	\$ 1,407	\$ 1,550

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

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Insurance Tax	Other Taxes	Total
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
2021	1,778	489	893	338	135	3,633

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund					
Nonspendable - prepaids	\$ 163	\$ 163	\$ 199	\$ 217	\$ 221
Restricted - capital projects	-	-	-	106	160
Assigned:					
Library	41	40	38	35	34
Cemetery	42	46	49	64	69
Friendship park	-	-	-	-	-
Firetruck and equipment	-	-	-	-	-
Fire station generator	-	-	-	-	-
LMIG paving	-	-	-	-	-
UB software	-	-	-	-	-
Cardiac monitor	-	-	-	-	-
Storm drainage	-	-	-	-	-
Website design and peak	-	-	-	-	-
Unassigned	947	1,114	757	720	619
Total general fund	<u>\$ 1,193</u>	<u>\$ 1,363</u>	<u>\$ 1,043</u>	<u>\$ 1,142</u>	<u>\$ 1,103</u>
All other governmental funds					
Nonspendable					
Permanent Fund Corpus	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350
Restricted:					
Library	65	58	64	58	68
Public safety	6	20	15	15	10
Capital projects	38	226	716	1,010	-
Unassigned	-	-	-	-	(116)
Total all other governmental funds	<u>\$ 459</u>	<u>\$ 654</u>	<u>\$ 1,145</u>	<u>\$ 1,432</u>	<u>\$ 312</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 110	\$ 103	\$ 109	\$ 110	\$ 123
-	-	-	-	-
31	34	32	-	-
71	70	84	-	-
-	-	17	-	-
-	-	143	-	-
-	-	-	-	25
69	28	78	-	-
30	-	-	-	-
27	-	-	-	-
47	-	-	-	-
-	-	-	-	10
626	817	952	1,230	1,853
<u>\$ 1,011</u>	<u>\$ 1,052</u>	<u>\$ 1,415</u>	<u>\$ 1,340</u>	<u>\$ 2,011</u>

\$ 350	\$ 350	\$ 350	\$ 350	\$ 350
57	68	78	84	84
14	72	58	29	90
248	466	468	654	1,018
-	-	-	-	-
<u>\$ 669</u>	<u>\$ 956</u>	<u>\$ 954</u>	<u>\$ 1,117</u>	<u>\$ 1,543</u>

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues					
Taxes	\$ 2,578	\$ 2,425	\$ 2,423	\$ 2,416	\$ 2,524
Licenses and permits	16	17	17	16	72
Intergovernmental	566	407	740	731	665
Fines and forfeitures	155	111	159	162	154
Charges for services	23	20	18	43	17
Interest income	29	17	42	34	46
Other revenues	25	32	16	22	18
Total revenues	<u>3,392</u>	<u>3,029</u>	<u>3,415</u>	<u>3,424</u>	<u>3,496</u>
Expenditures					
General government	483	778	983	872	948
Judicial	13	8	22	17	17
Public safety	1,426	1,632	2,629	1,746	3,009
Public works	592	630	763	950	1,318
Health & Welfare	82	88	92	89	78
Culture & Recreation	145	135	138	139	139
Housing & Development	102	84	145	79	89
Capital Outlay	593	2	-	-	-
Debt service					
Principal retirements	79	54	46	38	39
Interest and fiscal charges	6	4	2	24	23
Total expenditures	<u>3,522</u>	<u>3,415</u>	<u>4,821</u>	<u>3,953</u>	<u>5,660</u>
Excess of revenues over (under) expenditures	(130)	(386)	(1,406)	(530)	(2,164)
Other financing sources (uses)					
Proceeds from financed purchase	-	-	-	-	-
Issuance of long-term debt	-	-	716	-	-
Insurance Recoveries	-	-	-	-	-
Proceeds from sale of capital assets	80	15	86	-	27
Transfers in	6	773	775	916	978
Transfers out	(84)	(38)	-	-	(1)
Total other financing sources (uses)	<u>2</u>	<u>750</u>	<u>1,577</u>	<u>916</u>	<u>1,004</u>
Net change in fund balances	<u>\$ (128)</u>	<u>\$ 364</u>	<u>\$ 171</u>	<u>\$ 386</u>	<u>\$ (1,160)</u>
Debt service as a percentage of noncapital expenditures	2.52%	1.77%	1.02%	1.63%	1.12%

	2017	2018	2019	2020	2021
\$	2,733	\$ 2,965	\$ 3,204	\$ 3,257	\$ 3,705
	74	74	110	152	202
	787	830	1,129	1,249	1,626
	109	328	220	163	156
	12	1	8	8	9
	5	13	16	19	2
	11	60	258	129	39
	<u>3,731</u>	<u>4,271</u>	<u>4,945</u>	<u>4,977</u>	<u>5,740</u>
	1,013	1,005	1,036	1,067	1,286
	21	28	43	67	65
	2,134	2,474	2,845	3,417	2,971
	1,065	1,035	1,021	1,387	1,215
	101	126	116	103	110
	140	182	629	190	148
	99	104	111	304	92
	-	-	-	-	-
	40	42	300	21	73
	21	20	27	10	20
	<u>4,634</u>	<u>5,016</u>	<u>6,128</u>	<u>6,568</u>	<u>5,980</u>
	(903)	(745)	(1,183)	(1,591)	(241)
	-	-	-	385	-
	-	-	-	-	-
	-	-	263	-	-
	18	3	8	-	11
	1,156	1,070	1,273	1,294	1,327
	(4)	-	-	-	-
	<u>1,170</u>	<u>1,073</u>	<u>1,544</u>	<u>1,679</u>	<u>1,337</u>
\$	<u>267</u>	<u>328</u>	<u>361</u>	<u>89</u>	<u>1,096</u>
	1.36%	1.28%	5.95%	0.65%	1.78%

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
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
2021	162,407	99,039	1,907	75	-	53,157

Source: City of Social Circle Tax Department

	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	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%
	210,271	7.900	658,568	40.00%

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

Calendar Year	City of Social Circle, Georgia		Walton County	School District	GA State	Total Direct & Overlapping Rates
	Operating Millage	Total City Millage		Operating Millage		
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
2021	7.900	7.900	10.91	19.278	0.00	38.083

Source: City of Social Circle Tax Department and Walton County

Calendar Year	City of Social Circle, Georgia		Newton County	School District	GA State	Total Direct & Overlapping Rates
	Operating Millage	Total City Millage		Operating Millage		
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
2021	7.900	7.900	11.15	19.278	0.00	38.323

Source: City of Social Circle Tax Department and Newton County

CITY OF SOCIAL CIRCLE, GEORGIA

PRINCIPAL TAXPAYERS CURRENT AND NINE YEARS AGO

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
General Mills	\$ 35,119,670	1	16.70 %	\$ -	-	- %
Standridge Color Corp	19,714,651	2	9.38	-	-	-
Solo Cup Operating Corp	20,226,057	3	9.62	-	-	-
The Goodyear Tire and Rubber	12,037,061	4	5.72	-	-	-
Social Circle LLC	10,543,720	5	5.01	-	-	-
Certainfeed LLC	7,536,555	6	3.58	-	-	-
Standridge Robert E	4,602,784	7	2.19	-	-	-
Isonova	3,849,408	8	1.83	-	-	-
Masterack Manufacturing	3,393,031	9	1.61	-	-	-
Georgia Power Company	2,874,109	10	1.37	-	-	-
General Mills	-	-	-	20,604,550	1	15.10
Standridge Color Corp	-	-	-	13,885,314	2	10.18
The Goodyear Tire and Rubber	-	-	-	9,547,938	3	7.00
Robert E Standridge Irrevocable Family Trust	-	-	-	4,417,778	4	3.24
Certainfeed Corp	-	-	-	4,187,186	5	3.07
Isonova	-	-	-	2,068,002	6	1.52
Georgia Power Co	-	-	-	1,795,552	7	1.32
Standridge Properties	-	-	-	1,623,625	8	1.19
Ace Home Center	-	-	-	1,344,706	9	0.99
Pryor Street Investment	-	-	-	1,210,467	10	0.89
	<u>\$ 119,897,046</u>		<u>57.02 %</u>	<u>\$ 60,685,118</u>		<u>44.48 %</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
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%
2021	1,648	1,642	99.6%	-	1,642	99.63%

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 2012 - 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			
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
2021	548	6,091	1,353	-	7,993	13.93%	304

(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, 2021
(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	\$ 8,322	7.175%	\$ 597
Walton County Board of Education			
General Obligation Bonds (2)	<u>27,390</u>	7.175%	<u>1,965</u>
Total overlapping debt	35,712		2,562
City direct debt:			
Financed purchases	<u>548</u>	100.000%	<u>548</u>
	548		548
Total direct and overlapping debt	<u>\$ 36,260</u>		<u>\$ 3,111</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
PLEDGED-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	
2021	\$ 3,421	\$ 1,900	\$ 1,521	\$ 170	\$ 211	3.99
2020	3,228	1,782	1,446	157	200	4.05
2019	2,986	1,725	1,261	115	263	3.34
2018	2,753	1,700	1,053	110	360	2.24
2017	2,832	1,775	1,057	110	362	2.24
2016	2,734	1,404	1,330	-	111	11.98
2015	2,347	1,292	1,055	-	87	12.13
2014	2,063	1,213	850	-	87	9.77
2013	2,067	1,271	796	-	87	9.15
2012	2,106	1,421	685	-	87	7.87

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

Fiscal Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age (1)	Percentage of Population Age 25 and Older with Greater than 12 Years of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)
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%
2021	4,974	57,397	26,302	37.6	44%	1,843	6.8%

(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	2021			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Standridge Color Corp	280	1	11.91 %	290	1	13.18 %
Social Circle City Schools	246	2	10.47	238	3	10.82
GoodYear Tire & Rubber	226	3	9.62	176	4	8.00
General Mills Distribution (Excel)	209	4	8.89	247	2	11.23
IMMEC	130	5	5.53	112	5	5.09
Dart Enterprises	82	6	3.49	51	10	2.32
Masterack	80	7	3.40	90	7	4.09
Social Circle Ace Hardware	65	8	2.77	-	-	-
Certainfeed	60	9	2.55	-	-	-
Diversified Plastics Industries	4	10	0.17	-	-	-
Fouts Brothers	-	-	-	55	9	2.50
L&P CVP Group LLC	-	-	-	100	6	4.55
Social Circle Cypress	-	-	-	83	8	3.77
	<u>1,382</u>		<u>58.81 %</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

Function	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General government	8	8	8	7	8
Public safety					
Police					
Officers	18	18	15	15	14
Civilians	1	1	1	1	1
Fire					
Firefighters and officers	15	15	14	14	11
Highways and streets					
Engineering	3	4	4	3	3
Maintenance	4	3	4	4	5
Water/Gas	18	16	16	16	15
Sanitation					
Culture and recreation	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u><u>69</u></u>	<u><u>67</u></u>	<u><u>64</u></u>	<u><u>62</u></u>	<u><u>59</u></u>

Source: Social Circle Financial Software and Budget reporting

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
8	8	7	7	7
14	15	14	12	13
1	1	1	1	1
11	9	8	6	6
3	3	2	2	2
5	5	6	6	6
15	15	14	10	10
<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<u>59</u>	<u>58</u>	<u>54</u>	<u>46</u>	<u>47</u>

CITY OF SOCIAL CIRCLE, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	2021	2020	2019	2018	2017
Police					
Physical arrests	105	133	144	159	141
Parking violations	3	5	5	24	16
Traffic violations	1,298	1,486	1,017	1,363	1,106
Fire					
Number of calls answered	832	743	824	935	936
Inspections	169	84	205	100	100
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)	15.70	14.96	13.32	13.11	12.57
Recyclables collected (tons/day)	0.14	0.14	0.13	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 2022.

2016	2015	2014	2013	2012
103	180	238	280	120
5	4	1	4	-
580	753	1,034	1,125	505
805	864	718	749	774
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
10.78	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

Function	2021	2020	2019	2018	2017
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	24	24	21	21	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	10.6	9.6
Parks	3	3	3	3	2
Utility services					
Gas lines - Service (miles)	69.18	63.88	58.52	57.11	57.11
Water lines - Service (miles)	54.00	54.00	54.00	54.00	N/A

Source: Various City departments

N/A - Information not available

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
1	1	1	1	1
19	19	18	18	18
2	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
57.00	56.70	52.70	52.70	52.70
N/A	N/A	N/A	N/A	N/A

COMPLIANCE SECTION



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

**To the Honorable Mayor and Members
of 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 26, 2022. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003, and 2021-004 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-005 to be a significant deficiency.

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 questioned costs. 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
January 26, 2022



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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 26, 2022

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass-through Grantor/Program Title	FEDERAL CFDA NUMBER	GRANT PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development:			
Passed through Georgia Department of Community Affairs			
Community Development Block Grant Entitlement Grants Cluster			
Community Development Block Grant	14.228	20p-x-147-2-6160	\$ 60,860
Total Community Development Block Grant Entitlement Grants Cluster			<u>60,860</u>
Total Department of Housing and Urban Development			<u>60,860</u>
U.S. Department of Justice:			
Equitable Sharing Program	16.922	N/A	68,876
Total Department of Justice			<u>68,876</u>
U.S. Department of Treasury:			
Passed through State of Georgia Office of the Governor			
COVID-19: Coronavirus Relief Fund	21.019	SLFRP1029	237,867
Total Department of Treasury			<u>237,867</u>
U.S. Environmental Protection Agency:			
Passed through Georgia Environmental Finance Authority			
Drinking Water State Revolving Fund Cluster			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	98409921	854,114
Total Drinking Water State Revolving Fund Cluster			<u>854,114</u>
Clean Water State Revolving Fund Cluster			
Capitalization Grants for Clean Water State Revolving Funds	66.458	13000121	146,132
Total Clean Water State Revolving Fund Cluster			<u>146,132</u>
Total Environmental Protection Agency			<u>1,000,246</u>
U.S. Department of Transportation:			
Passed through Georgia Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	693JJ21930000Z303GA0016639	205,934
Total Highway Planning and Construction Cluster			<u>205,934</u>
Formula Grants for Rural Areas and Tribal Transit Program	20.509	GA-2020-003-00	99,642
Passed through Georgia Department of Public Safety			
Highway Safety Cluster			
State and Community Highway Safety	20.600	69A37520300004020GA0	7,916
Total Highway Safety Cluster			<u>7,916</u>
Total Department of Transportation			<u>313,492</u>
Total Expenditures of Federal Awards			<u>\$ 1,681,341</u>

See note to the schedule of expenditures of federal awards

CITY OF SOCIAL CIRCLE, GEORGIA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(1) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related liability is incurred.

In instances where the grant agreement requires the City to match grant awards with local funds, such matching funds are excluded in the accompanying Schedule of Expenditures of Federal Awards.

The City did not utilize the 10% de minimus indirect cost rate.

Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report. These programs are operated according to Federal regulations promulgated by the Federal agency providing the funding.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION I
SUMMARY OF AUDITOR'S 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

Internal control over major programs:
Material weaknesses identified? yes no

Significant deficiencies identified? yes none reported

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	Drinking Water State Revolving Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

2021-001 Equity Reconciliations (Repeat)

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 and the opening net position of the Main Street Commission.

Context/Cause: During our testing, an audit adjustment was required in the General Fund of approximately \$177,683 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, 2021. This was caused by the City not properly reporting the payroll cash account and related activity. Additionally, an audit adjustment was required for the Main Street Commission for approximately \$6,456 to correctly report the opening net position and statement of activities activity for the fiscal year ended June 30, 2021. This was caused by the City posting incorrect entries.

Effects: Audit adjustments totaling \$184,139 were needed to correctly report the opening fund balance of the General Fund and the opening net position of the Main Street Commission.

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: We concur with the finding. We will prepare the entry to record our Payroll Fund in the General Fund for financial statement reporting purposes. We will also review the net position for Mainstreet Commission now that the financial information is housed in the City's financial software. The City will more carefully review all closing transactions going forward to ensure all year-end closing entries are properly posted and in accordance with generally accepted accounting principles.

CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021-002 Allowance for Doubtful Accounts Calculation (Repeat)

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 \$370,612, Natural Gas Fund in the amount of approximately \$108,322, and Solid Waste Fund in the amount of approximately \$83,658 to correctly report the enterprise fund allowance for doubtful accounts for the fiscal year ended June 30, 2021.

Effects: Audit adjustments totaling approximately \$562,592 were needed to correctly report the allowance for doubtful accounts for the fiscal year ended June 30, 2021.

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: We concur with the finding. We will review the calculation of the allowance for doubtful accounts in the future to determine the appropriate amount for the allowance.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

2021-003 Capital Asset Reporting

Criteria: Internal controls should be in place to ensure that capital assets are properly accounted for in accordance with generally accepted accounting principles (GAAP). Non-depreciable assets, such as land, should not be depreciated.

Condition: Due to ineffective controls surrounding the recording of capital assets, an adjustment was required to adjust capital assets to be in accordance with GAAP.

Context/Cause: During our testing of capital assets of the Downtown Development Authority, an adjustment of \$59,600 was required in order to remove accumulated depreciation recorded related to land and to show the donated land as a capital contribution as of June 30, 2021.

Effects: An adjustment of \$59,600 was required to report capital assets in accordance with GAAP.

Recommendation: We recommend the City's Finance Department implement and/or strengthen internal controls surrounding the recording of capital assets.

Auditee's Response: We concur with the finding. We will review the depreciation methods on all capital assets to determine they are being recorded appropriately.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

2021-004 Liabilities

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

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the City's liabilities.

Context/Cause: During our testing, audit adjustments were required as follows:

- An adjustment of \$25,901 was required in the General Fund in order to remove amounts that had been recorded as accrued salaries that should not have been recorded as such.
- An adjustment of \$13,359 was required in the Water and Sewer Fund in order to correct the balance of accounts payable.
- An adjustment of \$16,248 was required in the Water and Sewer Fund in order to show the change in accrued interest.

Effects: Audit adjustments totaling approximately \$55,508 were needed to correctly report the City's liabilities for the fiscal year ended June 30, 2021.

Recommendation: We recommend the City's Finance Department implement and/or strengthen internal controls surrounding the recording of liabilities.

Auditee's Response: We concur with the finding. We will review all liability accounts to determine that the appropriate entries have been recorded as of year-end.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

2021-005 Prepaid Expenditures

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

Condition: Internal controls were not sufficient to detect misstatements in the reporting of prepaid expenditures.

Context/Cause: During our testing, an audit adjustment of \$32,705 was required in the General Fund in order to correctly report the City's prepaid expenditures for the fiscal year ended June 30, 2021. The adjustment was required because of an error in the City's entry to reverse the prior year prepaid expenditures.

Effects: An audit adjustment of \$32,705 was needed to correctly report prepaid expenditures for the fiscal year ended June 30, 2021.

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: We concur with the finding. We will review the reversal of prior year prepaid amounts to verify they match the prior year and record all necessary entries.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION IV
STATUS OF PRIOR FISCAL YEAR FINDINGS**

2020-001 Equity Reconciliations

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

Status: This issue was not corrected in fiscal year 2021. See finding 2021-001.

2020-002 Allowance for Doubtful Accounts Calculation

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

Status: This issue was not corrected in fiscal year 2021. See finding 2021-002.



The City Of
SOCIAL CIRCLE

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2021-001 Equity Reconciliations (Repeat)

Name of the Contact Person Responsible for the Corrective Action Plan: Jennifer Fricks, Finance Director

Corrective Action Plan: Reconciliation processes are being put in place to ensure that the opening balances for each fund match the prior year ending balances per the financial statements. We will also ensure that the closing balance each year matches the ending balance in the financial statements. Entries will be prepared to ensure that the Payroll Fund is included in the General Fund.

Anticipated Completion Date: December 31, 2021

2021-002 Allowance for Doubtful Accounts Calculation (Repeat)

Name of the Contact Person Responsible for the Corrective Action Plan: Jennifer Fricks, Finance Director

Corrective Action Plan: We will review the calculation for the allowance for doubtful accounts to determine the appropriate amount. We will take into consideration the accounts that have been written off and sent to a collection agency.

Anticipated Completion Date: December 31, 2021

2021-003 Capital Asset Reporting

Name of the Contact Person Responsible for the Corrective Action Plan: Jennifer Fricks, Finance Director

Corrective Action Plan: Capital assets will be reviewed in house and monitored more closely. We will review capital assets against the City's policies to determine that depreciation is appropriately calculated.

Anticipated Completion Date: December 31, 2021



The City Of

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2021-004 Liabilities

Name of the Contact Person Responsible for the Corrective Action Plan: Jennifer Fricks, Finance Director

Corrective Action Plan: All liability accounts will be reviewed by the Finance Director at year-end to determine properly reporting in accordance with generally accepted accounting principles.

Anticipated Completion Date: December 31, 2021

2021-005 Prepaid Expenditures

Name of the Contact Person Responsible for the Corrective Action Plan: Jennifer Fricks, Finance Director

Corrective Action Plan: A system of checks and balances will be in place in the future to ensure prior year entries are reversed as current entries are posted.

Anticipated Completion Date: December 31, 2021