

CITY OF MOUNTAIN PARK, GEORGIA

**FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

CITY OF MOUNTAIN PARK, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Mountain Park, Georgia

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Mountain Park, Georgia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Mountain Park, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Mountain Park, Georgia as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Mountain Park, Georgia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mountain Park, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Mountain Park, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mountain Park, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mountain Park, Georgia's basic financial statements. The accompanying schedule of projects constructed with special purpose local option sales tax on page 31 and the schedules of projects constructed with transportation special purpose local option sales tax on pages 32 and 33 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of projects constructed with special purpose local option sales tax and the schedules of projects constructed with transportation special purpose local option sales tax are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2023, on our consideration of the City of Mountain Park, 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 Mountain Park, 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 City of Mountain Park, Georgia's internal control over financial reporting and compliance.

R. L. Jennings & Associates, PC

Ellijay, Georgia
May 19, 2023

BASIC FINANCIAL STATEMENTS

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, unrestricted	\$ 1,426,379	\$ 454,555	\$ 1,880,934
Cash, restricted	681,015	48,966	729,981
Taxes receivable	9,671	-	9,671
Accounts receivable, net of allowance	3,603	33,120	36,723
Due from other governments	39,229	-	39,229
Internal balances	6,327	(6,327)	-
Prepaid items	9,550	-	9,550
Inventories	-	15,000	15,000
Capital assets:			
Capital assets, not being depreciated	316,453	-	316,453
Capital assets, net of depreciation	574,721	548,419	1,123,140
Total assets	3,066,948	1,093,733	4,160,681
LIABILITIES			
Accounts payable	31,155	19,421	50,576
Accrued and other liabilities	17,279	2,579	19,858
Customer deposits	-	48,966	48,966
Total liabilities	48,434	70,966	119,400
NET POSITION			
Investment in capital assets	891,174	548,419	1,439,593
Restricted for capital projects	577,459	-	577,459
Restricted for specific costs	106,056	-	106,056
Unrestricted	1,443,825	474,348	1,918,173
Total net position	\$ 3,018,514	\$ 1,022,767	\$ 4,041,281

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

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Governmental activities:</u>							
General government	\$ 209,340	\$ 1,795	\$ 107,141	\$ -	\$ (100,404)	\$ -	\$ (100,404)
Judicial	8,752	-	-	-	(8,752)	-	(8,752)
Public safety	103,388	15,158	-	-	(88,230)	-	(88,230)
Public works	53,012	-	-	134,876	81,864	-	81,864
Culture and recreation	106,595	27,785	-	-	(78,810)	-	(78,810)
Housing and development	19,881	13,905	-	-	(5,976)	-	(5,976)
Total governmental activities	500,968	58,643	107,141	134,876	(200,308)	-	(200,308)
<u>Business-type activities:</u>							
Water and Sewer	287,334	288,700	-	-	-	1,366	1,366
Total business-type activities	287,334	288,700	-	-	-	1,366	1,366
Total	<u>\$ 788,302</u>	<u>\$ 347,343</u>	<u>\$ 107,141</u>	<u>\$ 134,876</u>	<u>(200,308)</u>	<u>1,366</u>	<u>(198,942)</u>
General revenues:							
Property taxes					235,943	-	235,943
Sales taxes					193,455	-	193,455
Franchise taxes					31,974	-	31,974
Business taxes					49,006	-	49,006
Unrestricted investment earnings					1,308	40	1,348
Miscellaneous					1,333	-	1,333
Total general revenues					513,019	40	513,059
Change in net position					312,711	1,406	314,117
Net position, beginning of year (as restated)					2,705,803	1,021,361	3,727,164
Net position, end of year					\$ 3,018,514	\$ 1,022,767	\$ 4,041,281

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

CITY OF MOUNTAIN PARK, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

ASSETS	General Fund	SPLOST Fund	T-SPLOST Fund	T-SPLOST2 Fund	Total
Cash	\$ 1,558,468	\$ 37,101	\$ 511,825	\$ -	\$ 2,107,394
Property taxes receivable	6,147	-	-	-	6,147
Franchise taxes receivable	3,524	-	-	-	3,524
Accounts receivable	3,603	-	-	-	3,603
Due from other governments	29,206	-	-	10,023	39,229
Due from other funds	13,850	-	-	19,788	33,638
Prepaid items	9,550	-	-	-	9,550
Total assets	\$ 1,624,348	\$ 37,101	\$ 511,825	\$ 29,811	\$ 2,203,085
LIABILITIES					
Accounts payable	\$ 31,155	\$ -	\$ -	\$ -	\$ 31,155
Accrued and other liabilities	17,279	-	-	-	17,279
Due to other funds	-	7,423	19,888	-	27,311
Total liabilities	48,434	7,423	19,888	-	75,745
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	5,620	-	-	-	5,620
Total deferred inflows of resources	5,620	-	-	-	5,620
FUND BALANCES					
Nonspendable	9,550	-	-	-	9,550
Restricted for capital projects	26,033	29,678	491,937	29,811	577,459
Restricted for specific costs	106,056	-	-	-	106,056
Unassigned	1,428,655	-	-	-	1,428,655
Total fund balances	1,570,294	29,678	491,937	29,811	2,121,720
Total liabilities, deferred inflows of resources and fund balances	\$ 1,624,348	\$ 37,101	\$ 511,825	\$ 29,811	\$ 2,203,085

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

CITY OF MOUNTAIN PARK, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total fund balances - governmental funds	\$ 2,121,720
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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 as assets in the fund financial statements.	891,174
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Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned:

	\$ 5,620	5,620
Total net position - governmental activities	\$ 3,018,514	3,018,514

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

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>T-SPLOST Fund</u>	<u>T-SPLOST2 Fund</u>	<u>Total</u>
Revenues					
Property taxes	\$ 233,938	\$ -	\$ -	\$ -	\$ 233,938
General sales taxes	193,455	-	92,267	29,810	315,532
Franchise taxes	31,974	-	-	-	31,974
Business taxes	49,006	-	-	-	49,006
Licenses and permits	16,752	-	-	-	16,752
Intergovernmental	131,144	-	-	-	131,144
Charges for services	26,641	-	-	-	26,641
Fines and forfeitures	2,201	-	-	-	2,201
Interest revenue	1,308	-	667	1	1,976
Miscellaneous	1,425	-	-	-	1,425
Contributions from private sources	1,085	-	-	-	1,085
Total revenues	<u>688,929</u>	<u>-</u>	<u>92,934</u>	<u>29,811</u>	<u>811,674</u>
Expenditures					
Current:					
General government	207,699	-	-	-	207,699
Judicial	8,752	-	-	-	8,752
Public safety	89,488	-	-	-	89,488
Public works	33,808	-	-	-	33,808
Culture and recreation	57,996	-	-	-	57,996
Housing and development	19,881	-	-	-	19,881
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public Works	15,724	-	1,690	-	17,414
Culture and recreation	-	-	-	-	-
Total expenditures	<u>433,348</u>	<u>-</u>	<u>1,690</u>	<u>-</u>	<u>435,038</u>
Excess of revenues over (under) expenditures	<u>255,581</u>	<u>-</u>	<u>91,244</u>	<u>29,811</u>	<u>376,636</u>
Net change in fund balances	<u>255,581</u>	<u>-</u>	<u>91,244</u>	<u>29,811</u>	<u>376,636</u>
Fund balances, beginning of year (as restated)	<u>1,314,713</u>	<u>29,678</u>	<u>400,693</u>	<u>-</u>	<u>1,745,084</u>
Fund balances, end of year	<u>\$ 1,570,294</u>	<u>\$ 29,678</u>	<u>\$ 491,937</u>	<u>\$ 29,811</u>	<u>\$ 2,121,720</u>

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

CITY OF MOUNTAIN PARK, 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, 2022

Net change in fund balances - total governmental funds	\$	376,636
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capitalizable assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays for assets capitalized

Capital outlays	\$	17,414	
Depreciation expense		<u>(83,344)</u>	(65,930)

Revenues are recognized in the Statement of Activities when earned as under accrual accounting. Revenues are recognized by governmental funds when they are measureable and considered available to pay liabilities of the current period. Accordingly, timing differences occur when statements recognize revenues in different accounting periods.

Property taxes		<u>2,005</u>	<u>2,005</u>
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Change in net position - governmental activities	\$	<u>312,711</u>
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 253,409	\$ 253,409	\$ 233,938	\$ (19,471)
General sales taxes	152,429	152,429	193,455	41,026
Franchise taxes	29,400	29,400	31,974	2,574
Business taxes	47,110	47,110	49,006	-
Licenses and permits	10,387	10,387	16,752	6,365
Intergovernmental	21,497	21,497	131,144	109,647
Charges for services	14,200	14,200	26,641	12,441
Fines and forfeitures	8,431	8,431	2,201	(6,230)
Interest revenue	2,416	2,416	1,308	(1,108)
Miscellaneous	-	-	1,425	1,425
Contributions from private sources	-	-	1,085	1,085
Total revenues	539,279	539,279	688,929	149,650
Expenditures				
General government:				
Legislative	25,838	32,500	31,824	676
Executive	99,694	98,682	94,489	4,193
General administration	100,260	163,133	81,386	81,747
Judicial:				
Municipal court	14,830	10,690	8,752	1,938
Public safety:				
Animal control	452	452	262	190
Police services	118,500	15,000	13,957	1,043
Fire and emergency	0	77,080	75,269	1,811
Public works:				
Roads and streets	27,371	24,696	23,900	796
Public facilities	41,528	29,413	25,632	3,781
Culture and recreation:				
Lakes, parks, and recreational activities	41,650	33,510	22,090	11,420
Recreational buildings and property	43,039	33,403	35,906	(2,503)
Housing and development:				
Building, zoning, and planning	26,117	20,720	19,881	839
Total expenditures	539,279	539,279	433,348	105,931
Excess of revenues over (under) expenditures	-	-	255,581	255,581
Other financing sources:				
Transfer from Water and Sewer Fund	-	-	-	-
Net change in fund balance	-	-	255,581	255,581
Fund balance, beginning of year (as restated)	1,314,713	1,314,713	1,314,713	-
Fund balance, end of year	\$ 1,314,713	\$ 1,314,713	\$ 1,570,294	\$ 255,581

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

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	<u>Enterprise Fund</u> <u>Water and Sewer</u> <u>Fund</u>
ASSETS	
Current assets:	
Cash, unrestricted	\$ 454,555
Cash, restricted	48,966
Accounts receivable, net of allowance	33,120
Inventories	15,000
Total current assets	<u>551,641</u>
Noncurrent assets:	
Capital assets, net of depreciation	<u>548,419</u>
Total noncurrent assets	<u>548,419</u>
Total assets	<u><u>1,100,060</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	19,421
Other liabilities	2,579
Due to other funds	6,327
Customer deposits	48,966
Total liabilities	<u>77,293</u>
NET POSITION	
Investment in capital assets	548,419
Unrestricted	474,348
Total net position	<u><u>\$ 1,022,767</u></u>

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

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Enterprise Fund</u> <u>Water and Sewer</u> <u>Fund</u>
Operating Revenues:	
Water charges	\$ 126,025
Sewer charges	53,398
Sanitation charges	81,767
Meter service fees	18,765
Late and reconnect fees	7,900
Other	845
Total operating revenues	<u>288,700</u>
Operating Expenses:	
Personal services	78,274
Operations:	
Water purchases	54,923
Sewer treatment	22,311
Sanitation services	49,675
Repairs and maintenance	22,078
Professional fees	15,646
Other operating expenses	8,323
Depreciation	36,104
Total operating expenses	<u>287,334</u>
Operating income (loss)	<u>1,366</u>
Nonoperating Revenue:	
Interest revenue	40
Total nonoperating revenue	<u>40</u>
Change in net position	1,406
Net position, beginning of year	<u>1,021,361</u>
Net position, end of year	<u><u>\$ 1,022,767</u></u>

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

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Enterprise Fund</u> <u>Water and Sewer</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 288,088
Payments to suppliers and service providers	(170,238)
Payments to employees	(78,274)
Net cash provided by operating activities	<u>39,576</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(55,083)
Net cash used in capital and related financing activities	<u>(55,083)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest revenue	40
Net cash provided by investing activities	<u>40</u>
Net increase (decrease) in cash	(15,467)
Cash, beginning of year	518,988
Cash, end of year	<u>\$ 503,521</u>
Cash, as shown on the Statement of Net Position:	
Cash, unrestricted	\$ 454,555
Cash, restricted	48,966
Total Cash	<u>\$ 503,521</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 1,366
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	36,104
Change in assets and liabilities:	
Accounts receivable	(3,281)
Inventories	3,000
Accounts payable	223
Other liabilities	2,579
Due to other funds	(505)
Customer deposits	90
Net cash provided by operating activities	<u>\$ 39,576</u>

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

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Mountain Park, 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

The City was incorporated in 1927 and operates under a city council/mayor form of government. Policy making and legislative authority are vested in the mayor and a five-member City Council elected at large. The City Clerk/Administrator is responsible for the daily operations of the City. The City provides basic services which include general government, judicial, public safety, public works, culture and recreation, and housing and development. In addition, it provides public utilities (water, sewer, and sanitation) for the incorporated and immediate surrounding areas.

In defining the reporting entity for financial reporting purposes and as required by accounting principles generally accepted in the United States of America, management has considered all potential component units. The criteria used for including an organization within the City's reporting entity as a component unit, is financial accountability. Financial accountability is defined as appointment of a voting majority of the organization's board and either the ability to impose will by the primary government or the possibility that the organization will provide a financial benefit or impose a financial burden on the primary government. As a result of applying these criteria, the City has no component units.

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 activities of the City. For the most part, the effect of inter-fund activity has been removed from the government-wide statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities reports 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 those 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

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses and program revenues identifies the extent to which each program is self-financing or draws from the general revenues of the City.

The City's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City's funds are grouped into two broad fund categories and three generic fund types for financial statement presentation purposes. Governmental funds include the General Fund and capital projects funds. Proprietary funds include an enterprise fund. At present, the City's capital projects funds include a Special Purpose Local Option Sales Tax ("SPLOST") Fund and two Transportation Special Purpose Local Option Sales Tax ("T-SPLOST") Funds. The City's only enterprise fund is its Water and Sewer Fund.

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

The fund financial statements report detailed information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The focus of fund financial statements is on major governmental and enterprise funds rather than on fund types. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major funds:

- Governmental fund – 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.
- Governmental fund – The SPLOST Fund is a capital projects fund. The fund is to account for revenues provided by a one percent Special Purpose Local Option Sales Tax of Cherokee County, shared with the City and used to acquire, construct, and maintain capital projects.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Governmental funds – The T-SPLOST and T-SPLOST2 Funds are also capital projects funds. These funds are to account for revenues provided by a .75 percent Transportation Special Purpose Local Option Sales Tax of metropolitan Fulton County, to be distributed by the Georgia Department of Revenue to the County and participating cities for the various transportation projects under the terms of the T-SPLOST agreements.
- Enterprise fund – The Water and Sewer Fund is used to account for revenues from user charges and the costs of providing water, sewer, and sanitation services to residents of the City.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Government-wide net position should be reported as restricted when constraints placed on the use of net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net position restricted for capital projects reflect the restrictions of their use.

Governmental fund financial statements, on the other hand, 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. Expenditures generally are recorded in the accounting period in which a fund liability is incurred, as under accrual accounting. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering such services in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer enterprise fund are charges for water, sewer and sanitation services provided to residents. Operating expenses of the enterprise fund include the costs of providing these 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. Cash and Investments

Amounts reported as cash by the City in the accompanying financial statements include cash on hand and on deposit with financial institutions.

State of Georgia statutes require all financial institution deposits and investments in excess of the federal depository insured amount to be fully collateralized by an equivalent amount of state or U.S. obligations. State of Georgia statutes authorize the City to invest in (1) U.S. Government obligations; (2) U.S. Government agency obligations; (3) obligations of the State of Georgia; (4) obligations of other counties, municipal

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

corporations and political subdivisions of the State of Georgia which are rated “AA” or better by Moody’s Investor’s Service, Inc.; (5) negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association; (6) repurchase agreements when collateralized by U.S. Government or agency obligations; and (7) pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments are reported at fair value as determined by quoted market prices. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

The City had no investments at June 30, 2022.

E. Prepaid Items

Certain payments to vendors for services that will benefit future accounting periods are recorded as prepaid items in both government-wide and governmental fund financial statements. Prepaid items reported by governmental funds are also equally offset by fund balance classified as nonspendable, which indicates they do not constitute “available, spendable financial resources” even though they are a component of net current assets.

F. Inventories

Inventories consist of sewer taps and are stated at cost. Inventories are accounted for on the first-in, first-out (FIFO) method of accounting. The City maintains the inventory on a perpetual basis and makes any necessary adjustments at year end.

G. Capital Assets

Capital assets, which include land, buildings and improvements, vehicles and equipment, water system and infrastructure assets (such as roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Infrastructure assets acquired prior to July 1, 2004, have been capitalized as of December 31, 2007. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value as of the date of donation. Infrastructure assets acquired prior to June 30, 1980, are not reported.

CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are expensed as incurred.

Land and construction in progress are not depreciated. Other capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Infrastructure	20
Buildings and Improvements	10-50
Vehicles	5-12
Machinery and Equipment	3-12
Water System	35

H. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund that will pay the liability, typically the General Fund. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. Accrued, but unpaid, sick leave at year end is not recorded as a liability as it is contingent upon employees' future illness and is not paid upon separation of service.

I. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities column of the Statement of Net Position. The City had no long-term liabilities at June 30, 2022.

J. Interfund Transactions and Balances

Quasi-external transactions are accounted for as revenues and expenditures and are not eliminated. The City had no quasi-external transactions during the year.

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Outstanding interfund balances at year end related to such reimbursements, as well as

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

activity between funds representative of lending/borrowing arrangements, are reported as “due to/from other funds” in the governmental fund financial statements. All other interfund transactions are reported as transfers. At year end, all interfund balances outstanding and all transfers among governmental funds are eliminated in the government-wide statements.

Receipts and/or payments to or from other governmental units, not included in the reporting entity of the City, are not reported as transfers, but rather according to the purpose for which the receipt or payment is made.

K. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items which qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises under the *current financial resources measurement focus* and modified accrual accounting that qualifies for reporting in this category. Accordingly, property taxes levied in 2021, but which remain unavailable at June 30, 2022, are reported in the governmental funds statements as deferred inflows of resources. Such unavailable property taxes will be recognized as an inflow of resources in the period that the amounts become available.

L. Fund Balance

Fund balances of governmental funds are presented in various classifications that comprise a hierarchy which is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. Descriptions and the City’s policies with respect to these classifications are as follows:

CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid items as nonspendable as these items are not resources in spendable form.

Restricted – includes amounts that are restricted to specific purposes by external sources (creditors, grantors, contributors or laws or regulations of other governments) or by law through constitutional provision or enabling legislation. The City's capital projects funds are legally restricted to expenditures for specific purposes.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City's highest level of decision-making authority. Commitments may be modified or rescinded only through adoption of a subsequent resolution.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the mayor or the finance director, under the supervision of the mayor, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget constitute assignments and are documented by adoption of the City's annual operating budget. This classification also includes all remaining positive fund balance for all governmental funds other than the General Fund.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

The City's policy would be to use restricted fund balances first when expenditure is made for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Otherwise, it is the City's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are made for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

M. Net Position

Net position in financial reporting is based on the *economic resources measurement focus* and represents the difference between (a) total assets and deferred outflows of resources and (b) total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used 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. The remaining portion of net position is reported as unrestricted.

The City's policy would be to use restricted net position first when expenditure is made for purposes for which both restricted and unrestricted net position is available.

N. Use of Estimates

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

2. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

The applicable statutes of the State of Georgia require the City to operate under an annual balanced budget adopted by resolution for all governmental funds. A budget is defined as being balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. Appropriated budgets are adopted on a modified accrual basis which is consistent with generally accepted accounting principles for governmental funds. Annual budgets are adopted for the General Fund. Capital projects funds have project length budgets. Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures are budgeted by department, which constitutes the legal level of control and the level at which expenditures may not legally exceed appropriations.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

2. LEGAL COMPLIANCE – BUDGETS (CONCLUDED)

Budget revisions at the department level are subject to final review and approval by the City Council. Budget amendments for supplemental appropriations made during the year, if any, were necessary due to changing needs in operations. All annual appropriations lapse at year end.

Although not required by state law, an operating budget is also adopted for the City's enterprise fund for administrative control purposes.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

B. Excess of Expenditures over Appropriations

As shown in the accompanying budgetary comparison statement for the General Fund, departmental expenditures did not exceed appropriated budget amounts during the year ended June 30, 2022, with the exception of Culture and Recreation (Recreational Buildings and Property) where expenditures exceeded appropriations by \$2,503.

3. CASH DEPOSITS

Cash on the accompanying financial statements includes cash on hand, demand deposits and money market accounts with financial institutions. 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) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At June 30, 2022, the City's cash deposits were adequately insured or collateralized against custodial credit risk.

CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

4. RECEIVABLES

The City of Mountain Park is located in both Cherokee and Fulton Counties. The City has approximately 20 parcels of land in Cherokee County and approximately 725 parcels of land in Fulton County. Assessed values are established by the Fulton and Cherokee Counties' Tax Assessor's offices and are calculated at 40% of the market value.

The City bills and collects its own property taxes for properties located in Cherokee County. Property taxes on Cherokee County properties were levied by the City on October 30, 2021, and were due on or before December 28, 2021, after which the account is assessed penalties and interest. Properties are subject to a lien for unpaid property taxes 90 days after the due date.

The City contracts with Fulton County to bill and collect property taxes for properties located in Fulton County. Taxes are generally levied at approximately July 1 of each year based on the assessed value of property as listed on the previous January 1 and are due on October 15 of each year. After the due date, interest is charged on unpaid taxes, with a 10% penalty being assessed in addition to interest charges as receivables become greater than 90 days delinquent. Unpaid property taxes attach as an enforceable lien on property as of January 1 of the following year.

The City's property tax revenues are recognized when levied to the extent that they result in current receivables. Receivables outstanding more than 60 days after year-end are reported as unavailable revenue.

Receivables outstanding at June 30, 2022, for governmental funds are summarized as follows:

<u>Receivables:</u>	<u>General Fund</u>
Property taxes	\$ 6,147
Franchise taxes	3,524
Accounts	3,603
	<u>\$ 13,274</u>

General Fund accounts receivable consist of payments due to the City as of June 30, 2022, for services rendered that were collected subsequent to year end; therefore, no allowance for uncollectible receivables was considered necessary.

Accounts receivable outstanding at June 30, 2022, for the City's Water and Sewer Fund are reported net of an allowance for doubtful accounts of \$4,000.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

5. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2022, is as follows:

A. Due to/from Other Funds

Receivable Fund	Payable Fund				Total
	General Fund	SPLOST Fund	TSPLOST Fund	Water & Sewer Fund	
General Fund	\$ -	\$ 7,423	\$ 100	\$ 6,327	\$ 13,850
TSPLOST2 Fund	-		19,788		19,788
Total	\$ -	\$ 7,423	\$ 19,888	\$ 6,327	\$ 33,638

The outstanding balances between funds primarily result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers to/from Other Funds

During the year ending June 30, 2022, the City made no transfers between funds.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) provide unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

6. DUE FROM OTHER GOVERNMENTS

Due from other governments consist of the following at June 30, 2022:

<u>General Fund</u>	
Georgia Department of Revenue - LOST	\$ 17,075
Georgia Department of Transportation - LMIG	12,131
	<u>\$ 29,206</u>
<u>T-SPLOST2 Fund</u>	
Georgia Department of Revenue - Special Transportation Tax	<u>\$ 10,023</u>

CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

Governmental Activities:	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not depreciated:				
Land	\$ 284,343	\$ -	\$ -	\$ 284,343
Construction in progress	30,420	1,690	-	32,110
Total capital assets not depreciated	314,763	1,690	-	316,453
Capital assets depreciated:				
Infrastructure	6,497,885	15,724	-	6,513,609
Buildings and improvements	1,217,421	-	-	1,217,421
Vehicles and equipment	487,060	-	-	487,060
Total capital assets depreciated	8,202,366	15,724	-	8,218,090
Less accumulated depreciation for:				
Infrastructure	6,333,433	14,048	-	6,347,481
Buildings and improvements	785,747	52,125	-	837,872
Vehicles and equipment	440,845	17,171	-	458,016
Total accumulated depreciation	7,560,025	83,344	-	7,643,369
Total capital assets depreciated, net	642,341	(67,620)	-	574,721
Governmental activities capital assets, net	\$ 957,104	\$ (65,930)	\$ -	\$ 891,174

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CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

7. CAPITAL ASSETS (CONCLUDED)

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets depreciated:				
Vehicles	\$ 6,017	\$ -	\$ -	\$ 6,017
Water System	1,280,567	55,083	-	1,335,650
Total capital assets depreciated	1,286,584	55,083	-	1,341,667
Less accumulated depreciation for:				
Vehicles	6,017	-	-	6,017
Water System	751,127	36,104	-	787,231
Total accumulated depreciation	757,144	36,104	-	793,248
Total capital assets depreciated, net	529,440	18,979	-	548,419
Business-type activities capital assets, net	<u>\$ 529,440</u>	<u>\$ 18,979</u>	<u>\$ -</u>	<u>\$ 548,419</u>

Depreciation expense during the year on capital assets was charged to functions/programs as follows:

<u>Governmental Activities:</u>	
General government	\$ 1,641
Public safety	13,900
Public works	19,204
Culture and recreation	48,599
Total depreciation expense - Government activities	<u>\$ 83,344</u>

<u>Business-type Activities:</u>	
Water and Sewer	<u>\$ 36,104</u>

CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

8. FUND BALANCE

Fund balances of governmental funds presented in the accompanying governmental funds balance sheet at June 30, 2022, are classified as follows:

Fund Balance Classifications	Purpose	Amount
General Fund Nonspendable	Prepaid items are not in spendable form	\$ 9,550
General Fund Restricted	Fund balance is restricted for Local Maintenance and Improvement Grant ("LMIG") project costs	\$ 26,033
General Fund Restricted	Fund balance is restricted to specific costs incurred as a result of revenue loss and as defined under the Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") Program and Section 603c of the Social Security Act	\$ 106,056
SPLOST Fund Restricted	Fund balance is restricted for capital projects financed with SPLOST revenues	\$ 29,678
T-SPLOST Fund Restricted	Fund balance is restricted for capital projects to be financed with T-SPLOST revenues under the 2016 Intergovernmental Agreement with Fulton County	\$ 491,937
T-SPLOST2 Fund Restricted	Fund balance is restricted for capital projects to be financed with T-SPLOST2 revenues under the 2021 Intergovernmental Agreement with Fulton County	\$ 29,811

All remaining fund balance in the General Fund not reported as nonspendable or restricted, is classified as unassigned.

9. DEFINED CONTRIBUTION PLAN

As a participating employer, the City offers its employees the opportunity to participate in the Georgia Municipal Association 401(a) Defined Contribution Plan created in accordance with Internal Revenue Code Section 401(a). The Plan is administered by the Georgia Municipal Association and all regular employees of the City are eligible to participate. Elected City officials are not permitted to participate. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and liabilities of the Plan are not included in the accompanying financial statements. Under terms of the adoption agreement, the City matches 100% of employee contributions up to 3% and 1.5% of compensation for Class A and Class B employees (as defined), respectively. During the year ended June 30, 2022, employee contributions and the employer match were \$5,508 and \$2,326, respectively. Participation and contribution

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

9. DEFINED CONTRIBUTION PLAN (CONCLUDED)

requirements under the adoption agreement are established by, and may only be amended by, an official action of the Mayor and City Council.

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund 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 a member 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 costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

There were no significant reductions in insurance coverage compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three years.

11. JOINT VENTURE

The City, in conjunction with other cities and counties in the Atlanta metropolitan area, is a member of the Atlanta Regional Commission (ARC). Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC. Board membership of the ARC includes the chief elected official of each county, one appointed mayor from municipalities in the area, and one appointed citizen representative also from the area.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

11. JOINT VENTURE (CONCLUDED)

Each member county and municipality are required to pay minimum annual dues to the ARC. Georgia law also provides that member governments are liable for any debts or obligations of the ARC (O.C.G.A. 50-8-39.1). Separate financial statements can be provided by contacting the ARC directly at:

Atlanta Regional Commission
229 Peachtree St, NE Ste 100
Atlanta, GA 30303

12. COMMITMENTS AND CONTINGENCIES

The City has contracted with the City of Roswell and the Fulton County Sheriff's Office for assistance with Public Safety services, including law enforcement, fire protection and emergency medical services, necessary for the protection of the citizens of the City of Mountain Park and their property.

Under terms of the Public Safety Agreement effective March 1, 2021, to provide emergency 911 services and the agreement effective August 1, 2021, to provide fire and rescue services to City of Mountain Park, the City is required to pay to City of Roswell a monthly per capita rate, as determined by the County, multiplied by the City's population estimate according to the United States Census Bureau. Both agreements automatically renew annually on January 1 and provide for annual updates to per capita rates and population estimates. The agreements may be terminated by either party with a thirty-day written notice.

Monthly per capita rates in effect beginning January 1, 2022, for emergency 911 services and fire and rescue services were \$2.34 and \$10.17, respectively. The population estimate for the City was 571 at that date.

Police services are currently provided by the Fulton County Sheriff's Office at no charge to the City.

The City has entered into a water supply contract with Cobb County-Marietta Water Authority in order to provide water for its residents and other customers. The agreement for water supply was signed on November 1, 2000, for a term of fifty (50) years. Terms also provide for rate increases as well as surcharges for peak usage months, as defined under the agreement. During the year ending June 30, 2022, the City purchased 15,659,000 gallons of water at a cost of \$54,923 from Cobb County-Marietta Water Authority; rates charged the City for water purchases were increased from \$3.45 to \$3.54 per thousand gallons on January 1, 2022.

CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

12. COMMITMENTS AND CONTINGENCIES (CONCLUDED)

The City routinely enters into various other contracts and agreements in the ordinary course of business. Such commitments are not considered material to the accompanying financial statements.

The City is party to several matters of litigation as a result of its status as a city in Fulton County, Georgia. Such matters involve tax issues and service delivery between the various governmental entities within Fulton County. Because the City of Mountain Park is such a small percentage of Fulton County, an estimate of loss or range of loss, if any, cannot be made. Legal counsel and management have represented that the final outcome of these matters would likely not be material to the City's financial statements.

13. RESTRICTED ASSETS

Restrictions on cash in the government-wide Statement of Net Position at June 30, 2022, are as follows:

Restrictions:	Governmental Activities	Business-type Activities
SPLOST - for public safety, streets and drainage	\$ 37,101	\$ -
T-SPLOST - for transportation projects	511,825	-
LMIG - for street maintenance and improvements	26,033	-
Coronavirus SLFRF - to specific costs in connection with revenue loss as defined - see Note 8	106,056	
Water and Sewer Fund - for customer deposits	-	48,966
Total restricted cash	<u>\$ 681,015</u>	<u>\$ 48,966</u>

14. PRIOR PERIOD RESTATEMENT

The City has determined that a restatement of beginning fund balance and net position is necessary as follows:

	General Fund - Fund Balance	Governmental Activities - Net Position
Balance - June 30, 2021, as previously reported	\$ 1,335,713	\$ 2,744,579
Understatement of professional fees	(21,000)	(21,000)
Overstatement of property tax revenues	-	(17,776)
Balance - June 30, 2021, as restated	<u>\$ 1,314,713</u>	<u>\$ 2,705,803</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF MOUNTAIN PARK, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project	Estimated Cost		Expenditures			Estimated % of Completion
	Original	Current	Prior Years	Current Year	Total	
Cherokee County / City of Mountain Park, Georgia						
SPLOST 2000 Projects:						
Roads, streets, and bridges	\$ 10,000	\$ 10,000	\$ 7,423	\$ -	\$ 7,423	74%
Public safety - fire hydrants	30,000	30,000	10,000	-	10,000	33%
Storm drainage facilities	60,000	60,000	18,665	-	18,665	31%
	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 36,088</u>	<u>\$ -</u>	<u>\$ 36,088</u>	
SPLOST 2004 Projects:						
Public safety, streets and drainage	\$ 45,000	\$ 45,000	\$ 42,544	\$ -	\$ 42,544	95%
	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 42,544</u>	<u>\$ -</u>	<u>\$ 42,544</u>	
SPLOST 2010 Projects:						
Law enforcement, streets and drainage	\$ 6,264	\$ 6,264	\$ 3,462	\$ -	\$ 3,462	55%
	<u>\$ 6,264</u>	<u>\$ 6,264</u>	<u>\$ 3,462</u>	<u>\$ -</u>	<u>\$ 3,462</u>	
SPLOST 2017 Projects:						
Public safety, streets and drainage	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	0%
	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Note to Schedule -

The above schedule has been prepared using the modified accrual basis of accounting.

CITY OF MOUNTAIN PARK, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX (T-SPLOST)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project	Estimated Cost		Prior Years	Expenditures		Estimated % of Completion
	Original	Current		Current Year	Total	
Fulton County / City of Mountain Park, Georgia						
T-SPLOST TIER 1 PROJECTS:						
Congestion Relief	\$ 280,000	\$ 280,000	\$ -	\$ -	\$ -	0%
Roadway Stormwater Improvements						
Quick Response	185,308	185,308	30,420	1,690	32,110	17%
	<u>465,308</u>	<u>465,308</u>	<u>30,420</u>	<u>1,690</u>	<u>32,110</u>	
T-SPLOST TIER 2 PROJECTS:						
Quick Response	82,113	82,113	-	-	-	0%
	<u>82,113</u>	<u>82,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	
T-SPLOST TIER 3 PROJECTS:						
Quick Response	82,437	82,437	-	-	-	0%
	<u>82,437</u>	<u>82,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL T-SPLOST	<u>\$ 629,858</u>	<u>\$ 629,858</u>	<u>\$ 30,420</u>	<u>\$ 1,690</u>	<u>\$ 32,110</u>	

Note to Schedule -

The above schedule has been prepared using the modified accrual basis of accounting.

CITY OF MOUNTAIN PARK, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX (T-SPLOST2)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project	Estimated Cost		Expenditures			Estimated % of Completion
	Original	Current	Prior Years	Current Year	Total	
Fulton County / City of Mountain Park, Georgia						
T-SPLOST TIER 1 PROJECTS:						
Quick Response	\$ 439,883	\$ 439,883	\$ -	\$ -	\$ -	0%
	439,883	439,883	-	-	-	
T-SPLOST TIER 2 PROJECTS:						
Quick Response	77,626	77,626	-	-	-	0%
	77,626	77,626	-	-	-	
T-SPLOST TIER 3 PROJECTS:						
Quick Response	77,626	77,626	-	-	-	0%
	77,626	77,626	-	-	-	
TOTAL T-SPLOST	\$ 595,135	\$ 595,135	\$ -	\$ -	\$ -	

Note to Schedule -

The above schedule has been prepared using the modified accrual basis of accounting.

Date of inception of the TSPLOST2 fund was April 1, 2022.

INTERNAL CONTROL AND COMPLIANCE SECTION

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

To the Honorable Mayor and
Members of the City Council
City of Mountain Park, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Mountain Park, Georgia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Mountain Park, Georgia's basic financial statements and have issued our report thereon dated May 19, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as finding 2009-1 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

City of Mountain Park, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Mountain Park, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City Mountain Park, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

R. L. Jennings & Associates, PC

Ellijay, Georgia
May 19, 2023

**CITY OF MOUNTAIN PARK, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Repeat finding from prior year

2009-1 Lack of Segregation of Duties (Internal Control)

Criteria: Segregation of employees' duties is common practice in an effective internal control structure. Policies should be in place requiring the segregation of duties involving cash receipts, cash disbursements, payroll, general ledger and bank reconciliation.

Condition/Context: During the course of our audit, we noted that certain duties in critical areas have been combined and assigned to available employees. As a result, conflicting duties are present within the cash receipt, cash disbursement, bookkeeping and account reconciliation processes.

Effect: Without proper segregation of duties within these functions, there is increased risk that City assets could be intentionally or unintentionally misappropriated or that errors could occur in the accounting records and remain undetected and uncorrected.

Cause: A limited number of employees work in the City's office. The resulting overlap of responsibilities causes segregation of duties to be difficult.

Recommendation: To the extent feasible, duties should be segregated to maintain the best control system possible. Responsibilities for preparing payroll, processing cash receipts and disbursements, reconciling bank accounts and maintaining the general ledger should be segregated to the extent possible. Segregation of duties could be improved if different employees performed these separate duties. In situations where additional employees are not available, management and City Council should look for and consider alternative solutions to achieve the greatest possible segregation of duties. Continuing City Council involvement in finances of the City is encouraged.

Response: We concur with this finding. Proper segregation of duties is difficult to achieve with limited employees. Nevertheless, we will continue to review our operations to identify opportunities where segregation of duties can be improved.