

**CITY OF FORT OGLETHORPE,
GEORGIA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

Year Ended December 31, 2020

JOHNSON, HICKEY & MURCHISON, P.C.
Certified Public Accountants
Chattanooga, Tennessee

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

**To the Mayor and City Council
City of Fort Oglethorpe, 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 unit, each major fund, and the aggregate remaining fund information of the City of Fort Oglethorpe, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

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	Chattanooga, Tennessee	iv		423 267 5945 f	

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information for the City of Fort Oglethorpe, Georgia, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages vii – xv, and the schedules of required supplementary information on pages 36-42 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 Fort Oglethorpe, Georgia's basic financial statements. The combining nonmajor fund financial statements, financial schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards 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 nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Schedule of Changes in Property Taxes Receivable, Schedule of Water and Sewer Rates, and statistical section 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 June 30, 2021, on our consideration of the City of Fort Oglethorpe, 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 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 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 Fort Oglethorpe, Georgia's internal control over financial reporting and compliance.

Johnson, Wickey & Meucham, P.C.

Chattanooga, Tennessee
June 30, 2021

**City of Fort Oglethorpe, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

Management's discussion and analysis provides an objective and easily readable analysis of the City's financial activities. The analysis provides summary financial information for the City of Fort Oglethorpe and should be read in conjunction with the City's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements consist of three components. The Statement of Net Position and the Statement of Activities (government-wide financial statements), on page 1 and 2, provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 3. For governmental activities, these statements tell how activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The financial statements also include notes which explain some of the information in the Government-wide and Fund financial statements, and which provide additional detail concerning the financial activities of the City. The information contained in these notes is essential to a full understanding of the Government-wide and Fund financial statements. The notes to the basic financial statements begin on page 13 of this report.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page ix. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position, the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City’s basic services are reported here, including public safety, public works, recreation and general administration. Property taxes, license & permits, local option sales tax, business taxes and franchise fees finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover the cost of certain services it provides. The City’s water and sewer activities are reported here.

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) / Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City’s taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line-item revenues reported for each function are:

General government	Charges for bad checks, charges for copies
Public safety	Fines and forfeitures
Housing and development	Building, plumbing and electrical permits
Culture and recreation	Pool admissions and pavilion fees
Grants and Contributions	Predominantly grants from other governments for specific projects, also including proceeds from Special Local Option Sales Taxes, which are restricted for specific capital related activities

Other governmental revenues are reported as general. It is important to note that all taxes, with the exception of the Special Local Option Sales Taxes referred to above, are classified as general revenue even if restricted for a specific purpose.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page xii. The fund financial statements begin on page 3 and provide detailed information about the most significant funds – not the City as a whole. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

- Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.
- Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities we report in the governmental-wide statements but provide more detail and additional information, such as cash flows.

FINANCIAL HIGHLIGHTS

For the years ended December 31, 2020 and 2019, a summary of net position of the primary government is as follows:

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	15,337,006	\$ 14,760,461	\$ 10,611,561	\$ 12,320,570	\$ 25,948,567	\$ 27,081,031
Capital Assets	<u>14,028,609</u>	<u>12,498,829</u>	<u>27,524,293</u>	<u>24,778,000</u>	<u>41,552,902</u>	<u>37,276,829</u>
Total Assets	<u>29,365,615</u>	<u>27,259,290</u>	<u>38,135,854</u>	<u>37,098,570</u>	<u>67,501,469</u>	<u>64,357,860</u>
Bond issue costs	-	-	470,754	497,275	470,754	497,275
Pension related items	1,611,308	853,397	401,317	223,309	2,012,625	1,076,706
Deferred loss on debt refunding	-	-	1,272,519	1,344,210	1,272,519	1,344,210
Total deferred outflows of resources	<u>1,611,308</u>	<u>853,397</u>	<u>2,144,590</u>	<u>2,064,794</u>	<u>3,755,898</u>	<u>2,918,191</u>
Current liabilities	406,842	1,135,282	1,622,298	1,721,872	2,029,140	2,857,154
Long-term liabilities	<u>3,535,505</u>	<u>2,135,663</u>	<u>15,517,619</u>	<u>15,836,363</u>	<u>19,053,124</u>	<u>17,972,026</u>
Total liabilities	<u>3,942,347</u>	<u>3,270,945</u>	<u>17,139,917</u>	<u>17,558,235</u>	<u>21,082,264</u>	<u>20,829,180</u>
Deferred inflows of resources:						
Pension related items	<u>146,310</u>	<u>240,006</u>	<u>36,441</u>	<u>62,802</u>	<u>182,751</u>	<u>302,808</u>
Net position:						
Net investment in						
capital assets	14,028,609	12,498,829	12,272,238	8,800,477	26,300,847	21,299,306
Restricted	218,438	199,543	262,457	223,438	480,895	422,981
Unrestricted	<u>12,641,219</u>	<u>11,903,364</u>	<u>10,569,391</u>	<u>12,518,412</u>	<u>23,210,610</u>	<u>24,421,776</u>
Total net position	<u>26,888,266</u>	<u>\$ 24,601,736</u>	<u>\$ 23,104,086</u>	<u>\$ 21,542,327</u>	<u>\$ 49,992,352</u>	<u>\$ 46,144,063</u>

The following table provides a summary of the primary government's operations and changes in net position for the year ended December 31, 2020 with comparative totals for the year ended December 31, 2019.

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program revenues						
Charges for services	\$ 686,595	\$ 991,287	\$ 5,998,499	\$ 5,865,072	\$ 6,685,094	\$ 6,856,359
Operating Grants	106,133	-	-	-	106,133	-
Capital Grants	1,505,430	1,801,903	1,257,495	204,422	2,762,925	2,006,325
General revenues						
Taxes	7,767,287	7,364,583	-	-	7,767,287	7,364,583
Investment earnings	78,235	209,990	52,549	115,961	130,784	325,951
Donations	1,633,100	-	-	-	1,633,100	-
Other	400,571	269,701	83,655	76,317	484,226	346,018
Total revenues	<u>12,177,351</u>	<u>10,637,464</u>	<u>7,392,198</u>	<u>6,261,772</u>	<u>19,569,549</u>	<u>16,899,236</u>
Expenses						
Judicial	336,035	374,681	-	-	336,035	374,681
General government	1,746,864	1,390,945	-	-	1,746,864	1,390,945
Public safety	3,012,472	4,428,100	-	-	3,012,472	4,428,100
Public works	1,947,856	1,961,418	-	-	1,947,856	1,961,418
Housing and development	285,200	283,347	-	-	285,200	283,347
Public welfare	26,034	31,270	-	-	26,034	31,270
General operating expenses	-	-	6,022,218	4,664,507	6,022,218	4,664,507
Culture and recreation	742,367	493,958	-	-	742,367	493,958
Interest	-	-	457,094	293,070	457,094	293,070
Total expenses	<u>8,096,828</u>	<u>8,963,719</u>	<u>6,479,312</u>	<u>4,957,577</u>	<u>14,576,140</u>	<u>13,921,296</u>
Excess (deficiency) of revenues over expenses	4,080,523	1,673,745	912,886	1,304,195	4,993,409	2,977,940
Transfers	<u>(1,793,996)</u>	<u>(392,423)</u>	<u>606,250</u>	<u>392,423</u>	<u>-</u>	<u>-</u>
Change in net position	2,286,527	1,281,322	1,519,136	1,696,618	3,805,663	2,977,940
Net position Jan. 1	24,601,739	23,320,417	21,542,327	19,845,709	46,144,066	43,166,126
Prior period adjustment	-	-	42,623	-	42,623	-
Net position Jan.1 restated	<u>24,601,739</u>	<u>23,320,417</u>	<u>21,584,950</u>	<u>19,845,709</u>	<u>46,186,689</u>	<u>43,166,126</u>
Net position Dec. 31	\$ <u>26,888,266</u>	\$ <u>24,601,739</u>	\$ <u>23,104,086</u>	\$ <u>21,542,327</u>	\$ <u>49,992,352</u>	\$ <u>46,144,066</u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fort Oglethorpe, assets and deferred outflow of resources exceeded liabilities by \$49.9 million as of December 31, 2020.

Approximately 52.6% of the City's net position reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that are still outstanding. The

city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Governmental Activities

Governmental activities increased the City's net position by \$2,286,527. An increase in taxes, insurance proceeds, donations, SPLOST proceeds and capital grants increased revenue.

Business-type Activities

Business-type activities increased the City's net position by \$1,561,759. SPLOST proceeds and capital grants totaling \$1,863,745 were used to purchase equipment for the water and sewer fund, as well as to pay a portion of the principal and interest payments on the 2019 revenue bonds whose proceeds were being used for improving and constructing new infrastructure. Operating revenues increased \$1,193,838. Expenses increased by \$1,390,711.

FUND FINANCIAL INFORMATION

The city uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The general fund is the chief operating fund of the City. As of December 31, 2020, unassigned fund balance was \$10.8 million. The revenue budget was amended by approximately \$279,790 reflect, an increase in insurance premium tax, an increase in LOST, an increase in business and occupation tax, and to reflect insurance proceeds received for the tornado damage incurred in April 2020. The expense budget was also amended for the following: expenses relating to the clean up after the tornado, increase cost of retirement benefits and the cost of hiring a human resource director. Actual revenues and other sources were more than the amount budgeted by approximately \$2,576,557 (\$1,633,100 of this amount was for new roads accepted by the city) and actual expenditures and other uses were approximately \$749,899 less than the amount budgeted, yielding a positive variance of approximately \$3,326,456.

Other Governmental Funds

The SPLOST capital projects fund assets were \$114,973, liabilities \$11,264 and restricted fund balance was \$103,709 for the year ended December 31, 2020.

Special Revenue Funds

The City uses special revenue funds to account for the collection and disbursement of revenues that are legally restricted to expenditures for specific purposes. Included in this classification are hotel/motel tax, confiscated assets, and law enforcement funds. Combined total assets of the above funds were \$88,089 as of December 31, 2020 liabilities \$0 and committed fund balances were \$88,089.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements.

The City has one business-type activity, the water and sewer fund. Unrestricted net positions of the water and sewer operations at the end of the year were \$10,569,391.

GENERAL FUND BUDGETARY HIGHLIGHTS

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level. The most significant budget is that of the General Fund.

When comparing the final budget and the actual amounts, revenues for the general fund were \$2,576,557 more than projections, primarily due to beer and wine tax, business and occupation taxes, building permits, property tax and sales and use tax being more than what was budgeted. The general fund also received funds from the Cares Act and received the donation of roads into the city. Expenditures were \$749,899 less than the anticipated budget mainly due to vacant positions in the police department, insurance proceeds from the tornado, and money that was allocated for the Deitz Road traffic solution that did not get spent in 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2020, the City had \$41.5 million invested in capital assets including equipment, buildings, and public improvements. This represents a net increase after depreciation of \$4,276,073 or 11.4 percent, compared to last year. This increase consisted of asset additions of approximately \$6,040,537, dispositions of \$1,669,140 and net depreciation of \$95,324.

Asset additions for governmental activities were approximately \$2,532,671 and consisted of \$80,163 for land, 235,062 for equipment, \$316,619 for new vehicles and \$1,900,826 for street improvements and recreation projects. There were dispositions of \$1,631,169

that were primarily the fire department assets that were transferred to the Catoosa County Fire Department.

Asset additions of approximately \$3,568,017 for business activities were primarily for additions and improvements to sewer lines. There were dispositions of \$98,122.

A summary of capital assets, net of depreciation, is as follows:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,302,458	\$ 1,222,295	\$ 104,883	\$ 104,883	\$ 1,407,341	\$ 1,327,178
Building	3,781,268	3,962,693	408,066	421,609	4,189,334	4,384,302
Public Improvements	7,340,327	5,154,267	24,568,479	22,012,655	31,908,806	27,166,922
Equipment, vehicles, furniture and fixtures	1,184,291	1,237,702	21,481	38,332	1,205,772	1,276,034
Construction in progress	420,265	921,872	2,421,384	2,200,521	2,841,649	3,122,393
Total	<u>\$ 14,028,609</u>	<u>\$ 12,498,829</u>	<u>\$ 27,524,293</u>	<u>\$ 24,778,000</u>	<u>\$ 41,552,902</u>	<u>\$ 37,276,829</u>

Additional information on the City's capital assets can be found in Note 4 of this report.

Long-Term Debt

At year-end the City had \$19,852,600 in outstanding long-term debt compared to \$18,826,925 last year. The majority of the long-term debt is from the 2019 Water and Sewer Revenue Refunding and Improvement Bond Issue. The proceeds from the bonds are being used for the addition, extension and improvement of the city's water and sewerage system. Bonds payable at the end of 2020 are \$14,800,000.

A summary of long-term debt is as follows:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Compensated Absences	139,985	106,715	44,491	48,184	184,476	154,899
Net Pension Liability	3,535,505	2,135,663	880,564	558,840	4,416,069	2,694,503
Premium on Bond Refunding			452,055	477,523	452,055	477,523
Revenue Bonds	-	-	14,800,000	15,500,000	14,800,000	15,500,000
Notes Payable	-	-	-	-	-	-
Total	\$ 3,675,490	\$ 2,242,378	\$16,177,110	\$16,584,547	\$19,852,600	\$18,826,925

The long-term debt for the governmental activities consists of accrued compensated absences for vacation pay and net pension liability.

The primary note payable for the business-type activity consists of Series 2019 Water Sewer Revenue Bonds payable semi-annually in varying amounts through October, 2038.

Additional information on the City's long-term debt can be found in Note 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In adopting the budget for the ensuing fiscal year 2021, the City officials considered many factors in making judgments and estimates about the finances of the upcoming year. A primary objective was to continue to provide basic services to the citizens while attempting to keep the property tax rate low.

The City budgeted a 14.4% increase in general fund revenues and expenses for 2021. The revenue and expense increase are due to budgeting to use \$2,000,000 from the city reserves for street improvements.

The city budgeted a 2.4% decrease in revenues in the proprietary fund (water and sewer fund) and also a 2.4% decrease in expenditures. This decrease is due to a restructuring of labor costs, a decrease in repairs and a decrease in interest expense.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report was prepared by the Finance Department of the City of Fort Oglethorpe and is designed to present a general overview of the City's accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City of Fort Oglethorpe at 500 City Hall Drive, Fort Oglethorpe, Georgia. Phone # 706-866-2544.

CITY OF FORT OGLETHORPE
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 13,158,915	\$ 8,658,982	\$ 21,817,897	\$ 1,164
Restricted cash and cash equivalents	-	1,155,977	1,155,977	-
Due from other governmental entities	1,260,789	114,714	1,375,503	-
Property taxes receivable	215,616	-	215,616	-
Other taxes receivable	318,163	-	318,163	-
Other receivables	165,732	559,377	725,109	-
Due from (to) other fund	(18,481)	18,481	-	-
Inventory	-	62,694	62,694	-
Prepaid supplies	10,360	-	10,360	-
Prepaid insurance	225,912	41,336	267,248	-
Land and other nondepreciable assets	1,722,723	2,526,267	4,248,990	-
Other capital assets, net of accumulated depreciation	12,305,886	24,998,026	37,303,912	-
Total assets	<u>29,365,615</u>	<u>38,135,854</u>	<u>67,501,469</u>	<u>1,164</u>
DEFERRED OUTFLOWS OF RESOURCES				
Bond issue costs	-	470,754	470,754	-
Pension related items	1,611,308	401,317	2,012,625	-
Deferred loss on debt refunding	-	1,272,519	1,272,519	-
Total deferred outflows of resources	<u>1,611,308</u>	<u>2,144,590</u>	<u>3,755,898</u>	<u>-</u>
LIABILITIES				
Accounts payable	163,082	592,719	755,801	-
Payroll withholdings and accruals	103,775	21,866	125,641	-
Other	-	38,045	38,045	-
Accrued interest payable	-	108,702	108,702	-
Customer deposits	-	201,475	201,475	-
Long-term liabilities				
Due within one year				
Bonds payable	-	615,000	615,000	-
Compensated absences	139,985	44,491	184,476	-
Due in more than one year				
Bonds payable	-	14,637,055	14,637,055	-
Net pension liability	3,535,505	880,564	4,416,069	-
Total liabilities	<u>3,942,347</u>	<u>17,139,917</u>	<u>21,082,264</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	146,310	36,441	182,751	-
NET POSITION				
Net investment in capital assets	14,028,609	12,272,238	26,300,847	-
Restricted for				
SPLOST projects	161,110	-	161,110	-
Tourism	26,640	-	26,640	-
Public safety	30,688	-	30,688	-
Debt service	-	262,457	262,457	-
Unrestricted	12,641,219	10,569,391	23,210,610	1,164
Total net position	<u>\$ 26,888,266</u>	<u>\$ 23,104,086</u>	<u>\$ 49,992,352</u>	<u>\$ 1,164</u>

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities								
Judicial	\$ 336,035	\$ -	\$ -	\$ -	\$ (336,035)	\$ -	\$ (336,035)	\$ -
General government	1,746,864	50	-	967,447	(779,367)	-	(779,367)	-
Public safety	3,012,472	436,092	-	527,807	(2,048,573)	-	(2,048,573)	-
Public works	1,947,856	-	106,133	-	(1,841,723)	-	(1,841,723)	-
Housing and development	285,200	223,800	-	-	(61,400)	-	(61,400)	-
Public welfare	26,034	-	-	-	(26,034)	-	(26,034)	-
Culture and recreation	742,367	26,653	-	10,176	(705,538)	-	(705,538)	-
Total governmental activities	8,096,828	686,595	106,133	1,505,430	(5,798,670)	-	(5,798,670)	-
Business-type activities								
Water and sewer management	6,479,312	5,998,499	-	1,257,495	-	776,682	776,682	-
Total business-type activities	6,479,312	5,998,499	-	1,257,495	-	776,682	776,682	-
Total primary government	14,576,140	6,685,094	106,133	2,762,925	(5,798,670)	776,682	(5,021,988)	-
COMPONENT UNIT								
Downtown Development Authority	228	-	-	-	-	-	-	(228)
Total component unit	\$ 228	\$ -	\$ -	\$ -	-	-	-	(228)
GENERAL REVENUES								
Property taxes					1,851,010	-	1,851,010	-
Local option sales tax					2,781,005	-	2,781,005	-
Alcoholic beverage tax					461,982	-	461,982	-
Business and occupation tax					1,293,647	-	1,293,647	-
Franchise taxes and fees					997,187	-	997,187	-
Other taxes					382,456	-	382,456	-
Property rental					181,168	-	181,168	-
Interest					78,235	52,549	130,784	-
Donations					1,633,100	-	1,633,100	-
Other					219,403	83,655	303,058	-
Total general revenues					9,879,193	136,204	10,015,397	-
TRANSFER TO OTHER GOVERNMENT								
					(1,187,746)	-	(1,187,746)	-
TRANSFERS								
					(606,250)	606,250	-	-
Change in net position					2,286,527	1,519,136	3,805,663	(228)
NET POSITION								
Beginning					24,601,739	21,542,327	46,144,066	1,392
Prior period adjustment					-	42,623	42,623	-
Beginning, restated					24,601,739	21,584,950	46,186,689	1,392
Ending					\$ 26,888,266	\$ 23,104,086	\$ 49,992,352	\$ 1,164

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General Fund	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 12,971,153	\$ 101,991	\$ 85,771	\$ 13,158,915
Due from other governmental entities	1,260,789	-	-	1,260,789
Due from other funds	1,014	-	-	1,014
Property taxes receivable	215,616	-	-	215,616
Other taxes receivable	318,163	-	-	318,163
Other receivables	150,432	12,982	2,318	165,732
Prepaid insurance	225,912	-	-	225,912
Prepaid supplies	10,360	-	-	10,360
	<u>\$ 15,153,439</u>	<u>\$ 114,973</u>	<u>\$ 88,089</u>	<u>\$ 15,356,501</u>
Total assets	<u>\$ 15,153,439</u>	<u>\$ 114,973</u>	<u>\$ 88,089</u>	<u>\$ 15,356,501</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 151,818	\$ 11,264	\$ -	\$ 163,082
Payroll withholdings and accruals	103,775	-	-	103,775
Due to other funds	19,495	-	-	19,495
	<u>275,088</u>	<u>11,264</u>	<u>-</u>	<u>286,352</u>
Total liabilities	<u>275,088</u>	<u>11,264</u>	<u>-</u>	<u>286,352</u>
Deferred inflows of resources				
Deferred property taxes	134,401	-	-	134,401
	<u>134,401</u>	<u>-</u>	<u>-</u>	<u>134,401</u>
Total deferred inflows of resources	<u>134,401</u>	<u>-</u>	<u>-</u>	<u>134,401</u>
Fund balances				
Nonspendable - prepaid items	236,272	-	-	236,272
Restricted for				
SPLOST projects	-	103,709	57,401	161,110
Tourism	26,640	-	-	26,640
Public works	106,133	-	-	106,133
Public safety	-	-	30,688	30,688
Assigned				
Next fiscal year's budget	3,485,000	-	-	3,485,000
Unassigned	10,889,905	-	-	10,889,905
	<u>14,743,950</u>	<u>103,709</u>	<u>88,089</u>	<u>14,935,748</u>
Total fund balances	<u>14,743,950</u>	<u>103,709</u>	<u>88,089</u>	<u>14,935,748</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,153,439</u>	<u>\$ 114,973</u>	<u>\$ 88,089</u>	<u>\$ 15,356,501</u>

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Differences in amounts reported for governmental activities in the statement of net position on page 1:

Fund balances – total governmental funds	\$ 14,935,748
Amounts reported for governmental activities in the statement of net position are different because:	
Certain revenues will be collected after year-end, but are not available soon enough to pay for the current period’s expenditures and therefore are deferred in the funds.	134,401
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,028,609
Deferred outflows, such as deferred outflows from pensions, are not paid in the current period and, therefore, are not reported in the funds.	1,611,308
Net pension liability created by governmental activities are not financial resources and, therefore, not reported in the funds.	(3,535,505)
Deferred inflows, such as deferred inflows from pensions, are not received in the current period and, therefore, are not reported in the funds.	(146,310)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(139,985)</u>
	<u><u>\$ 26,888,266</u></u>

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>	<u>SPLOST Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 7,621,175	\$ -	\$ 53,281	\$ 7,674,456
Licenses and permits	280,480	-	-	280,480
Charges for services	31,923	-	-	31,923
Intergovernmental	657,939	944,043	22,797	1,624,779
Fines, fees and forfeitures	364,279	-	9,913	374,192
Investment earnings	77,987	607	248	78,842
Other	2,033,671	-	-	2,033,671
	<u>11,067,454</u>	<u>944,650</u>	<u>86,239</u>	<u>12,098,343</u>
EXPENDITURES				
Current				
Judicial	317,779	-	-	317,779
General government	1,252,535	-	-	1,252,535
Public safety	2,701,408	13,153	1,123	2,715,684
Public works	3,314,942	8,822	-	3,323,764
Housing and development	264,148	-	-	264,148
Public welfare	26,034	-	-	26,034
Culture and recreation	824,247	-	-	824,247
Capital outlay	-	329,524	-	329,524
	<u>8,701,093</u>	<u>351,499</u>	<u>1,123</u>	<u>9,053,715</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	2,366,361	593,151	85,116	3,044,628
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	8,615	-	-	8,615
Transfers from other funds	53,281	3,997	-	57,278
Transfers to other funds	(3,997)	(606,250)	(53,281)	(663,528)
Transfer to other government	(1,187,746)	-	-	(1,187,746)
	<u>1,236,514</u>	<u>(9,102)</u>	<u>31,835</u>	<u>1,259,247</u>
NET CHANGE IN FUND BALANCE				
	1,236,514	(9,102)	31,835	1,259,247
FUND BALANCES				
Beginning	<u>13,507,436</u>	<u>112,811</u>	<u>56,254</u>	<u>13,676,501</u>
Ending	<u>\$ 14,743,950</u>	<u>\$ 103,709</u>	<u>\$ 88,089</u>	<u>\$ 14,935,748</u>

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Differences in amounts reported for governmental activities in the statement of activities on page 2:

Net change in fund balances – total governmental funds \$ 1,259,247

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

Capital outlay reported as expenditures in the governmental funds are reported as capital assets in the statement of activities. 2,532,671

Depreciation expense on governmental capital assets are included in the statement of activities. (642,682)

Long-term liabilities in the statement of net position include an estimated liability for compensated absences. These are planned to be liquidated with future resources; therefore, the increase or decrease in the liability does not affect expenditures in the governmental funds. (33,270)

Net pension liability in the statement of net position includes an estimated liability for participation in the GMEBS. The increase or decrease in the liability does not affect expenditures in the governmental funds. (548,235)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and disposals) is to decrease net position (360,212)

Certain governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental funds. 79,008

\$ 2,286,527

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
PROPRIETARY FUND - WATER AND SEWER FUND
BUSINESS-TYPE ACTIVITIES
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and cash equivalents	\$	8,658,982
Accounts receivable, net of allowance for uncollectibles of \$75,000		559,377
Inventory		62,694
Due from other funds		19,495
Due from other governments		114,714
Prepaid insurance		41,336
		9,456,598
Total current assets		9,456,598

LONG-TERM ASSETS

Restricted Assets

Bond construction account		893,520
Bond interest and sinking funds		262,457
		1,155,977

Capital Assets

Land and other nondepreciable assets		2,526,267
Property, plant, and equipment		36,177,950
		38,704,217
Less accumulated depreciation		11,179,924
		27,524,293

Total long-term assets		28,680,270
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Total assets		38,136,868
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DEFERRED OUTFLOWS OF RESOURCES

Bond issue costs		470,754
Pension related items		401,317
Deferred loss on debt refunding		1,272,519
		2,144,590
Total deferred outflows of resources		2,144,590

(The accompanying notes are an integral part of these statements.)

**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES, AND NET POSITION**

CURRENT LIABILITIES

Current maturities of bonds payable	615,000
Accounts payable	592,719
Due to other funds	1,014
Payroll withholdings and accruals	21,866
Accrued interest payable	108,702
Compensated absences payable	44,491
Customer deposits	201,475
Other	<u>38,045</u>
 Total current liabilities	 <u>1,623,312</u>

LONG-TERM LIABILITIES

Bonds payable, net of current portion	14,637,055
Net pension liability	<u>880,564</u>
 Total long-term liabilities	 <u>15,517,619</u>

Total liabilities	<u>17,140,931</u>
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DEFERRED INFLOWS OF RESOURCES

Pension related items	<u>36,441</u>
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NET POSITION

Net investment in capital assets	12,272,238
Restricted for debt service	262,457
Unrestricted	<u>10,569,391</u>
 Total net position	 <u>\$ 23,104,086</u>

(The accompanying notes are an integral part of these statements.)

**CITY OF FORT OGLETHORPE, GEORGIA
 PROPRIETARY FUND - WATER AND SEWER FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2020**

OPERATING REVENUES

Water sales	\$ 1,510,351
Sewer charges	4,288,529
Water and sewer taps	151,798
Meter and reconnect fees	47,821
Local government grants	1,257,495
Other	<u>83,655</u>
 Total revenues	 <u>7,339,649</u>

OPERATING EXPENSES

Depreciation and amortization	919,937
General operating expenses	<u>5,135,281</u>
 Total expenses	 <u>6,055,218</u>

OPERATING INCOME

1,284,431

NONOPERATING REVENUE (EXPENSE)

Interest revenue	52,549
Gain on disposal of capital assets	33,000
Interest expense	<u>(457,094)</u>
 Income before transfers	 912,886

TRANSFERS

Transfer from other funds	<u>606,250</u>
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CHANGE IN NET POSITION

1,519,136

NET POSITION

Beginning	21,542,327
Prior period adjustment	<u>42,623</u>
Beginning, restated	<u>21,584,950</u>
Ending	<u><u>\$ 23,104,086</u></u>

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
PROPRIETARY FUND - WATER AND SEWER FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from user fees	\$ 6,002,291
Payments to employees	(661,402)
Payments for goods and other services	(4,562,341)
Other receipts	<u>1,249,058</u>
Net cash provided by operating activities	<u>2,027,606</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash paid for capital assets	(3,568,017)
Proceeds from sale of capital assets	33,000
Payments on bonds	(700,000)
Transfers in from other funds	606,250
Interest paid	<u>(348,392)</u>
Net cash used by capital and related financing activities	<u>(3,977,159)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Receipts from interfund loans	<u>2,272</u>
Net cash provided by other financing activities	<u>2,272</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net change in certificate of deposit	4,081,343
Interest received	<u>133,309</u>
Net cash provided by investing activities	<u>4,214,652</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

2,267,371

CASH AND CASH EQUIVALENTS

Beginning	<u>7,547,588</u>
Ending	<u>\$ 9,814,959</u>

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 1,284,431
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	919,937
Bad debts	55,039
Premiums on bond refunding	(25,468)
Net change in operating assets	(378,420)
Net change in operating liabilities	<u>172,087</u>
Net cash provided by operating activities	<u>\$ 2,027,606</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents	\$ 8,658,982
Restricted cash and cash equivalents	<u>1,155,977</u>
	<u>\$ 9,814,959</u>

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2020

	<u>Downtown Development Authority September 30, 2020</u>
ASSETS	
Cash and cash equivalents	\$ <u>1,164</u>
Total assets	\$ <u>1,164</u>
 NET POSITION	
Unrestricted	\$ <u>1,164</u>
Total net position	\$ <u><u>1,164</u></u>

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF ACTIVITIES
COMPONENT UNIT
YEAR ENDED DECEMBER 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>(Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Service</u>	<u>Downtown Development Authority</u>	<u>Total</u>
Downtown Development Authority Operations	\$ 228	\$ -	\$ (228)	\$ (228)
	\$ 228	\$ -	(228)	(228)
GENERAL REVENUES				
Interest			-	-
Total general revenues			-	-
Change in net position			(228)	(228)
NET POSITION				
Beginning			1,392	1,392
Ending			\$ 1,164	\$ 1,164

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The City of Fort Oglethorpe, Georgia operates under the Council-City Manager form of government, in which the City is governed by a mayor and five council members, with day to day operations vested in the appointed city manager.

The accounting policies of the City conform to generally accepted accounting principles applicable to local governments. The more significant policies of the City are summarized below.

Reporting Entity

The accompanying financial statements include all funds of the City of Fort Oglethorpe, Georgia (the primary government).

For purposes of these financial statements, management has considered the existence of any potential component units, using the criteria set forth by accounting principles generally accepted in the United States of America and by statements from the Governmental Accounting Standards Board.

Component units include organizations which are legally separate from the primary government. They are considered component units because their boards are appointed by the City or because there is a financial benefit/burden relationship with the City.

Component units are determined to be presented blended or discretely, based upon the services provided and the amount of accountability to the governing authority.

The City's financial statements include the financial statements (the only ones available) of The Downtown Development Authority of the City of Fort Oglethorpe, Georgia, which was established to develop the downtown area of the City. This discretely presented component unit operates as a special revenue fund.

The Housing Authority of the City of Fort Oglethorpe, Georgia is a legally separate entity and is not considered a component unit under the criteria referred to above, but a related organization. Although its board was originally appointed by the City governing authority, the City is not able to impose its will upon the Housing Authority, and a financial benefit/burden relationship does not exist between the two governmental entities.

Basis of Presentation

In accordance with current accounting standards, the basic financial statements include government-wide, based on the City as a whole, and fund financial statements, with emphasis on major funds. Both the government-wide and fund statements categorize activities as either governmental or business-type. The government-wide statements of net position and activities have eliminated internal balances and transfers between the activities of the governmental funds, which were presented separately in the fund financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Transfers between governmental activities and business-type activities of the primary government are separately stated on the government-wide statement of net position. Cash balances held by custodial funds for governmental activities of the primary government are eliminated in the government-wide statement of net position and in the fund financial statements.

The government-wide statement of activities reflects both the gross and net cost of functional categories which are otherwise supported by general government revenues. The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues are those directly associated with the function and include revenues from fines and forfeitures, licenses and permit fees, and charges for services. Operating and capital grants and contributions are limited to the funding of a specific operating expense or capital acquisition.

At the fund level, major funds are presented separately while nonmajor funds are combined into a single column. Major funds are determined based on their percentage of assets, liabilities, revenues or expenditures compared to the total of the same for all governmental funds, and on their percentage of the same for the total of all governmental and proprietary funds, as applicable. The general fund and SPLOST capital projects funds are the only funds reported as major governmental funds. The major enterprise fund is the Water and Sewer Fund.

Basis of Accounting

The government-wide financial statements, consisting of the statement of net position and the statement of changes in net position are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liability is incurred. The government-wide financial statements report information on all of the nonfiduciary activities of the City as a whole.

The fund level financial statements of the governmental funds, which consist of the general fund, special revenue funds, debt service funds, and capital projects funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they are susceptible to accrual, which is defined as being both measurable, meaning that the amount of the transaction can be determined, and available, meaning collectible within the current period or soon enough thereafter (generally defined as within 60 days) to be used to pay liabilities of the current period. Those revenues susceptible to accrual are property and other taxes, federal and state grants, other state funds, interest income and charges for services. Expenditures are generally recognized when the liability is incurred. Exceptions to this general rule include accumulated unpaid vacation, sick pay and other employee amounts which are expected to be liquidated with future resources.

Since the governmental funds statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following the applicable fund statement which reconciles the adjustments necessary to convert the fund financial statements to the governmental activities column of the government-wide presentation.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

All business-type activities, including the primary government proprietary fund, and fiduciary funds use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when the liability is incurred. For its proprietary funds and business-type activities, the City applies all GASB pronouncements. Operating revenues of proprietary funds are those revenues that result from the activities of the fund, such as user fees and charges for services. All other revenue is considered nonoperating revenue and includes grants, investment earnings, and gain on the sale of capital assets. Likewise, operating expenses are those expenses related to the principal activity of the fund, including salaries and related costs, other services, operating supplies and depreciation. Nonoperating expenses include all other expenses not considered operating, such as interest expense.

Fund Accounting

The accounts of the City are organized on the basis of funds, which are considered separate accounting entities. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Amounts reported in the fund financial statements as due to or due from other funds are eliminated upon preparation of the government-wide statement of net position. The various funds are grouped into fund types as follows:

Governmental Funds

General Fund

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund, or those for which it is considered fiscally responsible to be accounted for in a separate fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted to expenditures for specified purposes.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities not financed by proprietary or trust funds.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise and therefore funded primarily through user charges.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Non-current governmental assets/liabilities

Governmental activities capital assets and long-term debt are not presented in the fund level statements, but these records are maintained and incorporated into the governmental activities section of the government-wide financial statements.

The City maintains the following funds:

General fund

Special revenue funds

Confiscated Assets Fund, which accounts for revenues and expenditures associated with currency forfeitures and drug fines and restitution.

Hotel/Motel Tax Fund, which accounts for tax revenues from hotels and motels located in the City.

Downtown Development Authority (a discretely presented component unit), which accounts for certain revenues and expenditures associated with development of the City's downtown area.

Capital projects funds

SPLOST Capital Projects Fund, which accounts for the acquisition of assets with proceeds from the special local option sales tax.

T-SLOST Capital Projects Fund, which accounts for the acquisition of assets with proceeds from the transportation special local option sales tax.

Proprietary funds

The Water and Sewer Fund is an enterprise fund, which accounts for the City's water and sewer operations.

Pensions

For purposes of measuring 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 Georgia Municipal Employees Benefit System (GMEBS) and additions to/deductions from the GMEBS fiduciary net position have been determined on the same basis as they are reported to GMEBS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity

Fund equity at the governmental fund 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 assets and liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

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

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

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The Council also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are intended to be used for a specific purpose. Intent can be expressed by the Council or by an official or body to which the Council delegates authority through the passing of a resolution.

Unassigned – Fund balances are reported as unassigned when the residual amount does not meet any of the above criteria. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

When both restricted and unrestricted amounts of fund balance are available for expenditure, 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 balances in the following order: committed, assigned, unassigned.

Net position – Net position represents the residual of all elements presented in a statement of financial position. 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 as described in the fund balances section above. All other net position is reported as unrestricted.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget and budgetary control

Although no budget to actual statements are presented in the basic financial statements, the City provides, for information purposes, its budget requirements and process. Annual revenue estimates and expenditure appropriations, on the modified accrual basis of accounting, are prepared for all governmental funds, with the exception of the capital projects funds, for which no annual appropriation is required, and none is adopted. The projects accounted for in the capital projects funds are subject to budgetary control on a project basis. Providing budgetary information on an annual basis does not provide meaningful information because projects extend over more than one reporting period. A budget is not required for proprietary fund types. The City, however, adopts a budget on the accrual basis of accounting for its proprietary fund.

The budget is prepared by the City Manager and presented to the City Council for review and questions. A public hearing is held to obtain taxpayer comments, after which the budget is adopted by resolution.

Expenditures may not legally exceed budgeted appropriations at the department level. Budgetary integration is employed as a management tool during the fiscal year, and the budget is amended, as necessary, to meet changing needs. Management may transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any department and/or fund must be approved by the City Council. All annual budgetary appropriations lapse at the end of the fiscal year. For the year ended December 31, 2020, the general fund, highways and streets department was \$665,498 over budget. This was due to street donations totaling \$1,633,000.

Receivables

Receivables are reported at the outstanding principal amount and are recorded net of an allowance for amounts considered uncollectible.

Estimates

The City uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were used.

Capital Assets

For the fund financial statements, capital assets of governmental funds are recorded as expenditures at the time of purchase. For its proprietary funds and for governmental funds at the government-wide presentation, the City capitalizes long-lived assets with an original cost of \$5,000 or more. Such assets are recorded at cost.

For its proprietary funds and for its governmental funds at the government-wide presentation, depreciation of property and equipment, public improvements, and water and sewer systems are provided over periods of 3 to 40 years, based upon the estimated useful lives of the individual assets, by the straight-line method.

Public Domain Assets

Public domain (infrastructure) assets, which include roads, streets, curbs, gutters, sidewalks, etc., are recorded in governmental funds as expenditures at the time of purchase. Under current accounting standards, governments are required to report public domain assets acquired after December 31, 2003 as capital assets. Because the City is a phase 3 government for implementation of GASB Statement No. 34, it is not required to report infrastructure acquired in years prior to December 31, 2003.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes

Property tax levies for the current year are based on \$6.443 per thousand of assessed valuation of property located in the City. Property is assessed by the Assessors of Property in Catoosa and Walker Counties. Property taxes are levied by the City and collected by the respective Counties, which remit to the City on a monthly basis. Property taxes are levied for a calendar year on October 20 and are delinquent after December 20 of each year. Property taxes attach as an enforceable lien on property as of the levy date.

Encumbrances

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

Discounts/Premiums/Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method.

In proprietary funds, with regards to bond issuance costs, the City has chosen to follow the guidance set forth in GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Under this guidance, a regulated business-type activity should capitalize all or part of an incurred cost that otherwise would be charged to expense if both of the following criteria are met:

- 1) It is probable that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes.
- 2) Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate-adjustment clause, this criterion requires that the regulator's intent clearly be to permit recovery of the previously incurred cost.

As a result, bond issuance costs are deferred and amortized over the benefit or payment period.

Cash Equivalents

For purposes of these financial statements, the City considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The City is restricted to investments of cash and certificates of deposit with financial institutions and in the State of Georgia Local Government Investment Pool.

Restricted Assets

Certain assets of the proprietary fund are classified as restricted because their use is limited by applicable bond covenants. These restricted assets consist of cash and cash equivalents.

Prepaid Expenses

Prepaid expenses consist of certain payments which reflect costs applicable to future periods. In governmental funds, these types of costs are recorded as expenditures during the term of the benefit period, rather than when paid.

Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation leave; however, accumulated sick pay is not paid. The liability for compensated absences of the governmental funds is recorded in the government-wide financial statements. None of the liability is recorded in the governmental funds, because any payments, even those which would be paid in the next twelve months, if susceptible to a reasonable estimate, are expected to be liquidated with future resources. The liability for compensated absences of the proprietary fund is recorded as a liability of that fund.

Deferred Outflows/Inflows of Resources

The City has adopted the provisions of GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Under this Statement, GASB has defined deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflows of resources - a consumption of net assets by the government that is applicable to a future reporting period.

Deferred inflows of resources - an acquisition of net assets by the government that is applicable to a future reporting period.

As of December 31, 2020, the proprietary fund had deferred outflows of resources of \$470,754 related to bond issue costs, \$401,317 related to pensions, and \$1,272,519 related to a deferred loss on debt refunding and deferred inflows of \$36,441 related to pensions. In governmental funds, the City had deferred inflows of resources of \$134,401 from deferred property taxes. At the government-wide level, the City had deferred outflows of resources of \$1,611,308 and deferred inflows of resources of \$146,310 both related to pensions.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(2) CASH AND INVESTMENTS

The City reports its cash and other investments under the provisions of governmental auditing standards.

Interest Rate Risk – As a means of limiting its exposure to losses resulting from rising interest rates, the City’s usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio.

Custodial Credit Risk – The City’s policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 110% of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance, by collateral held by the City’s agent in the City’s name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the types of investments in which the City may participate. The City’s policy is to limit its investments to certificates of deposit and savings and money market accounts with local banks and Georgia Fund 1, a combined state and local government investment pool (in which the City had no funds at December 31, 2020). As of December 31, 2020 all deposits were insured or collateralized, as required by government policy.

Credit Risk – The City’s policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

(3) INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Most interfund receivable and payable balances are attributable to unsettled balances for charges between funds, and are expected to be paid within one year. The interfund payable of \$1,014 for the water and sewer fund results from the general fund paying expenses on behalf of the water and sewer fund. The interfund payable of \$19,495 for the general fund results from an over payment to the general fund of expenses for the water and sewer fund. It is anticipated that these balances will be settled in the next fiscal year.

Interfund receivables and payables at December 31, 2020, are as follows:

	<u>Receivables</u>	<u>Payables</u>
General fund - major governmental fund	\$ 1,014	\$ 19,495
Water and sewer fund - major enterprise fund	19,495	1,014
	\$ 20,509	\$ 20,509

The purpose of transfers are to allocate revenues from the fund that collects them to the fund that expends the resources based on the budgetary operations of the City.

Transfers for the year ended December 31, 2020, were as follows:

From hotel/motel tax (nonmajor) fund to general fund (major)	\$ 53,281
From general fund (major) to SPLOST capital projects funds (major)	\$ 3,997
From SPLOST capital projects fund (major) to water and sewer fund (major)	\$ 606,250

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(4) CAPITAL ASSETS

Governmental activities

A summary of changes in capital assets and accumulated depreciation for governmental activities is as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclassifications</u>	<u>Ending</u>
Nondepreciable capital assets				
Land	\$ 1,222,295	\$ 80,163	\$ -	\$ 1,302,458
Construction in progress	<u>921,872</u>	<u>255,826</u>	<u>(757,433)</u>	<u>420,265</u>
Nondepreciable capital assets	<u>\$ 2,144,167</u>	<u>\$ 335,989</u>	<u>\$ (757,433)</u>	<u>\$ 1,722,723</u>
	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclassifications</u>	<u>Ending</u>
Depreciable capital assets				
Public improvements	\$ 7,025,730	\$ 1,645,000	\$ 705,598	\$ 9,376,328
Buildings	7,242,663	-	(46,191)	7,196,472
Equipment, vehicles, furniture and fixtures	<u>5,226,796</u>	<u>551,682</u>	<u>(1,533,143)</u>	<u>4,245,335</u>
	<u>19,495,189</u>	<u>2,196,682</u>	<u>(873,736)</u>	<u>20,818,135</u>
Less accumulated depreciation				
Public improvements	1,871,463	216,374	(51,836)	2,036,001
Buildings	3,279,970	181,425	(46,191)	3,415,204
Equipment, vehicles, furniture and fixtures	<u>3,989,094</u>	<u>244,883</u>	<u>(1,172,933)</u>	<u>3,061,044</u>
	<u>9,140,527</u>	<u>642,682</u>	<u>(1,270,960)</u>	<u>8,512,249</u>
Depreciable capital assets, net	<u>\$ 10,354,662</u>	<u>\$ 1,554,000</u>	<u>\$ 397,224</u>	<u>\$ 12,305,886</u>

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(4) CAPITAL ASSETS (continued)

Governmental activities (continued)

Depreciation charged to expense totaled \$642,682, and is charged to functions as follows:

General government	\$ 200,073
Public safety	94,169
Public works	184,687
Culture and recreation	<u>163,753</u>
	<u><u>\$ 642,682</u></u>

During the current year, the City transferred the operations of the fire department to Catoosa County, Georgia. Included in the above schedule is \$1,187,746 of equipment transferred to the County.

Business-type activities

Capital assets of the proprietary fund are recorded at cost. Depreciation is provided on the cost of individual items of property by the straight-line method, over the estimated useful lives of 3 to 10 years for equipment and vehicles; 10 to 40 years for buildings; and 5 to 40 years for water and sewer system. Depreciation charged to expense totaled \$821,724.

A summary of proprietary fund changes in capital assets and accumulated depreciation is as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclassifications</u>	<u>Ending</u>
Nondepreciable capital assets				
Land	\$ 104,883	\$ -	\$ -	\$ 104,883
Construction in progress	<u>2,200,521</u>	<u>3,568,017</u>	<u>(3,347,154)</u>	<u>2,421,384</u>
Nondepreciable capital assets	<u><u>\$ 2,305,404</u></u>	<u><u>\$ 3,568,017</u></u>	<u><u>\$ (3,347,154)</u></u>	<u><u>\$ 2,526,267</u></u>
Depreciable capital assets				
Buildings	\$ 565,435	\$ -	\$ -	\$ 565,435
Water/sewer system	31,419,736	-	3,338,838	34,758,574
Equipment and vehicles	<u>943,747</u>	<u>-</u>	<u>(89,806)</u>	<u>853,941</u>
	<u>32,928,918</u>	<u>-</u>	<u>3,249,032</u>	<u>36,177,950</u>

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(4) CAPITAL ASSETS (continued)
Business-type activities (continued)

Less accumulated depreciation

Buildings	143,826	13,543	-	157,369
Water/sewer system	9,407,081	791,320	(8,306)	10,190,095
Equipment and vehicles	<u>905,415</u>	<u>16,861</u>	<u>(89,816)</u>	<u>832,460</u>
	<u>10,456,322</u>	<u>821,724</u>	<u>(98,122)</u>	<u>11,179,924</u>
Depreciable capital assets, net	<u>\$ 22,472,596</u>	<u>\$ (821,724)</u>	<u>\$ 3,347,154</u>	<u>\$ 24,998,026</u>

(5) LONG-TERM DEBT
Governmental activities

Debt for governmental activities reported in the government-wide statement of net position represents amounts not expected to be paid with expendable, available resources.

A summary of changes in long-term debt for governmental activities is as follows:

	<u>Beginning Balance</u>	<u>Adjustments and Additions</u>	<u>Adjustments and Retirements</u>	<u>Ending Balance</u>
Compensated absences	<u>\$ 106,715</u>	<u>\$ -</u>	<u>\$ (33,270)</u>	<u>\$ 139,985</u>

Presentation of long-term debt of governmental activities in the government-wide statement of net position is as follows:

Due within one year	
Compensated absences	<u>\$ 139,985</u>

The resources of the general fund have been used in prior years to liquidate the balance of the compensated absences relative to governmental activities.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(5) LONG-TERM DEBT (continued)

Business-type activities

Bonds payable of the water and sewer fund consist of the following:

Series 2019 Water and Sewer Revenue Refunding and improvement bonds, total original borrowings \$15,500,000, to provide for refinancing of a portion of the 2014 Water and Sewer bonds, interest not to exceed 4%, payable semi-annually in varying amounts through October, 2038. The Bonds will be payable from and secured by a first and prior pledge of and lien on the Net Revenues of the Water System. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.

\$ 14,800,000

Maturities of proprietary fund bonds payable are as follows:

	Gross Payments	Imputed Interest	Net Present Value
For the year ending December 31, 2021	\$ 1,049,808	\$ 434,808	\$ 615,000
2022	1,050,208	410,208	640,000
2023	1,049,608	384,608	665,000
2024	1,048,008	358,008	690,000
2025	1,050,408	330,408	720,000
2026-2030	5,249,742	1,284,742	3,965,000
2031-2035	5,248,416	728,416	4,520,000
2036-2038	3,146,087	161,087	2,985,000
	\$ 18,892,285	\$ 4,092,285	\$ 14,800,000

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(5) LONG-TERM DEBT (continued)

Business-type activities (continued)

A summary of changes in long-term debt for business-type activities is as follows:

	Beginning Balance	Adjustments and Additions	Adjustments and Retirements	Ending Balance
Revenue bonds	\$ 15,500,000	\$ -	\$ (700,000)	\$ 14,800,000
Compensated absences	48,184	-	(3,693)	44,491
	15,548,184	-	(703,693)	14,844,491
Premium on bond refunding				452,055
				\$ 15,296,546

Presentation of long-term debt of business-type activities in the government-wide statement of net position is as follows:

Due within one year	
Revenue bonds	\$ 615,000
Compensated absences	44,491
	\$ 659,491
Due in more than one year	
Revenue bonds	\$ 14,185,000

During 2019, the City defeased its Series 2014 Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds and to provide for construction funds to do sewer projects. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. At December 31, 2020, \$11,910,000 of bonds outstanding are considered defeased.

Debt issuances of the City are subject to federal arbitrage regulations. The Non-Arbitrage Certificate executed by the City in connection with the 2019 Improvement Bonds states (1) the proceeds of the bonds deposited in the Construction Fund are expected to be needed and fully expended for the payment of the costs of the Project; (2) at least 85% of such net sales proceeds of the Improvement Bonds will be allocated to expenditures of the Project by the end of the three-year period beginning on the date of issuance of the Bonds.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(6) OPERATING LEASES

The City leases equipment under operating leases expiring at various times from April 2017 through April 25, 2022 at various amounts totaling \$525 per month. Minimum obligations relative to these leases are as follows:

For the year ending December 31, 2021	\$	7,218
2022		3,021
2023		923
2024		923
2025		77
	\$	12,162

Rent expense relative to the above leases was \$7,211 for the year ended December 31, 2020.

(7) PENSION PLAN

DEFINED BENEFIT PLAN

Plan description

Employees of the City are provided a defined benefit pension plan through the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by Georgia Municipal Association. The City has the right to establish and amend the benefit provisions of the plan.

These amendments become effective once approved by the Board of Trustees of GMEBS. GMEBS issues a publicly available financial report that can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street SW, Atlanta, Georgia 30303.

All regular employees of the City were eligible to participate in GMEBS after one year of service through December 31, 2002. The plan was amended to require all employees hired on or after January 1, 2003 to meet a 40 hour eligibility condition. Subsequently, the plan was amended to limit credited service for prior military service and prior governmental service to 60 months combined for regular employees hired on or after December 1, 2004.

Officials and municipal legal officers in office prior to April 1, 1993 can become participants and receive credit for service until end of current term. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 65 with five years of service.

Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Eligible employees become vested after five years of service. Benefit provisions are established in state statute and city ordinance.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(7) PENSION PLAN (continued)

DEFINED BENEFIT PLAN (continued)

Employees covered by benefit terms

As of June 30, 2020, the Plan year end, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	58
Inactive employees entitled to but not yet receiving benefits	44
Active employees	72
	174

Contributions

The GMEBS Board of Trustees adopts an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

The annual recommended contribution is the greater of 1) the minimum contribution described above and 2) normal cost (including administrative expenses) with interest, adjusted by a full funding credit to ensure that contributions are not required if a plan's assets exceed the present value of future benefits.

For the year ended December 31, 2020, the Actuarially Determined Contribution was \$497,604, based on a rate of 15.95 percent of covered payroll. The City's net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as June 30, 2020.

Net Pension Liability

The total pension liability as of July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25% plus service based merit increases
Investment rate of return	7.375%, on-going basis, based on long-term expected rate of return on pension plan investments
Cost-of-Living Adjustment	0.0 percent

The mortality and economic actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial study conducted in November and December of 2019.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(7) PENSION PLAN (continued)

DEFINED BENEFIT PLAN (continued)

Net Pension Liability (continued)

The Pri-2012 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement. The new assumption relates to when a given participant is eligible for normal retirement. Mortality experience will be reviewed periodically and updated if necessary.

The long-term expected rate of return on pension plan investment 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. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long - Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Domestic Equity	6.41%	45%
International Equity	6.96%	20%
Real estate	4.76%	10%
Global Fixed Income	3.06%	5%
Domestic Fixed Income	1.96%	20%
Cash	0.00%	0%
Total		<u>100%</u>

The discount rate used to measure the total pension liability was 7.375 percent.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(7) PENSION PLAN (continued)
DEFINED BENEFIT PLAN (continued)
Net Pension Liability (continued)

	Changes in the Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at 3/31/2019	\$ 10,291,546	\$ 7,597,043	\$ 2,694,503
Changes for the year:			
Service cost	142,556	-	142,556
Interest	762,232	-	762,232
Differences between expected and actual experience	45,604	-	45,604
Contributions - employer	-	474,801	(474,801)
Contributions - employee	-	-	-
Net investment income	-	(528,366)	528,366
Benefit payments, including refunds of employee contributions	(542,016)	(542,016)	-
Administrative expense	-	(21,801)	21,801
Other	695,808	-	695,808
Net changes	1,104,184	(617,382)	1,721,566
Balance at 3/31/2020	\$ 11,395,730	\$ 6,979,661	\$ 4,416,069

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 net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.375 percent) or one-percentage-point higher (8.375 percent) than the current rate.

	Current		
	1% Decrease (6.375%)	Discount Rate (7.375%)	1% Increase (8.375%)
Net pension liability	\$ 5,658,252	\$ 4,416,069	\$ 3,364,993

Pension expense

For the year ended December 31, 2020, the City recognized pension expense of \$665,890.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(7) PENSION PLAN (continued)

DEFINED BENEFIT PLAN (continued)

Deferred outflows of resources and deferred inflows of resources

For the year ended December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 128,177	\$ -
Changes of assumptions	463,872	-
Net difference between projected and actual earnings on pension plan investments	1,047,373	182,751
Contributions subsequent to the measurement date of March 31, 2020	373,203	-
	\$ 2,012,625	\$ 182,751

Amounts reported as deferred outflows (inflows) of resources, with the exception of contributions subsequent to the measurement date related to pensions will be recognized in pension expense as follows:

For the year ending December 31,	2021	\$ 500,992
	2022	460,581
	2023	276,137
	2024	218,961
		\$ 1,456,671

In the table shown above, the amounts will increase (decrease) pension expense in the years indicated.

DEFINED CONTRIBUTION PLAN

Plan Description

The City maintains a defined contribution plan through the Georgia Municipal Employees Benefit System (GMEBS) covering all full-time employees with at least one year of service. The plan is a 457(b) plan for the contributions of all eligible employees combined with a 401(a) plan that allows the City to match contributions on behalf of the employees. Employees may elect to contribute a percentage of their salary up to the limits set forth by the Internal Revenue Service. The City then matches those contributions 100% up to 4%. In addition, employees vest 20% each year and are 100% vested after 5 years of service. Employee and employer contributions during the year ended December 31, 2020 were approximately \$102,376 and \$75,306, respectively. There were forfeitures of \$5,835 at December 31, 2020.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(8) 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; natural disasters; and injuries to employees. The City's policy is to purchase commercial insurance for its risk related to the above losses. The risks covered by commercial insurance include general liability, errors and omissions, and property and casualty losses, with a minor deductible payable by the City. Settled claims have not exceeded coverage for the three years ended December 31, 2020, 2019, and 2018. Deductibles for which the City was responsible amounted to \$4,099, \$12,000, and \$2,059, for the same three years, respectively.

The City also manages its risk of loss related to injuries to employees through the purchase of commercial workers' compensation insurance. Payment of eligible claims is based on statutory requirements, and the City has no deductible in connection with claims paid.

(9) LITIGATION

The City is also the defendant in certain other legal actions which are being vigorously defended.

It is the opinion of management and legal counsel that none of the aforementioned proceedings will have a material effect on the financial position of the City.

(10) COMMITMENTS

At December 31, 2020, the City has construction commitments in the amount of \$3,953,351, with \$1,252,858 unpaid on these contracts.

(11) HOTEL/MOTEL LODGING TAX

The City of Fort Oglethorpe, Georgia, levies a 6% lodging tax, of which 3% is required to be spent for tourism and development, as authorized in Georgia code OCGA 48-13-51. A summary of the transactions for the year ended December 31, 2020, is as follows:

Lodging tax – 6%	\$ 53,281
Disbursements for tourism and development	\$ 26,640

(12) JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the eleven City northwest Georgia area, is a member of the Northwest Georgia Regional Commission and is required to pay annual dues thereto. During the year ended December 31, 2020, the City paid \$9,994 in such dues. Membership in a regional commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34. Each regional commission board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of its applicable regional commission. Separate financial statements may be obtained from:

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

(12) JOINT VENTURE (continued)

Northwest Georgia Regional Commission
P.O. Box 1798
1 Jackson Hill Drive
Rome, Georgia 30162-1798

(13) RISKS AND UNCERTAINTIES

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern”. The extent of the impact of COVID-19 on the City’s financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on the City’s citizens, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the City’s financial position or results of activities is uncertain.

(14) PRIOR PERIOD ADJUSTMENT

Water and sewer inventory has not been recorded to the general ledger in the prior years. This inventory was recorded for the year ended December 31, 2020 resulting in an increase to beginning net position of \$42,623.

(15) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 30, 2021, the date which these financial statements were available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not legally or by sound financial management to be accounted for in another fund.

CITY OF FORT OGLETHORPE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u>
				<u>Budget</u>
TAXES				
Property taxes	\$ 1,837,268	\$ 1,837,268	\$ 1,772,002	\$ (65,266)
Motor vehicle tax	214,700	214,700	213,670	(1,030)
Business and occupation tax	1,170,000	1,245,420	1,293,647	48,227
General sales and use tax	2,330,000	2,330,000	2,781,005	451,005
Franchise tax	1,033,600	1,033,600	997,187	(36,413)
Real estate transfer tax	10,000	10,000	17,896	7,896
Intangible tax	34,000	34,000	75,941	41,941
Alcoholic beverage tax	395,000	395,000	461,982	66,982
Other taxes	3,650	3,650	7,845	4,195
	<u>7,028,218</u>	<u>7,103,638</u>	<u>7,621,175</u>	<u>517,537</u>
Total taxes				
LICENSES AND PERMITS				
Alcoholic beverage license	58,090	58,090	56,680	(1,410)
Other licenses and permits	173,980	173,980	223,800	49,820
	<u>232,070</u>	<u>232,070</u>	<u>280,480</u>	<u>48,410</u>
Total licenses and permits				
INTERGOVERNMENTAL				
Other grant revenue	-	-	10,176	10,176
Federal financial assistance	500	500	527,807	527,307
DOT revenue	-	-	106,133	106,133
Federal government in lieu of taxes	13,000	13,000	13,823	823
	<u>13,500</u>	<u>13,500</u>	<u>657,939</u>	<u>644,439</u>
Total intergovernmental				
CHARGES FOR SERVICES				
Public safety	11,200	11,200	4,090	(7,110)
Background checks	3,800	3,800	1,130	(2,670)
Culture and recreation	96,600	106,600	26,653	(79,947)
Other services	150	150	50	(100)
	<u>111,750</u>	<u>121,750</u>	<u>31,923</u>	<u>(89,827)</u>
Total charges for services				

CITY OF FORT OGLETHORPE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final
				Budget
FINES AND FORFEITURES				
Police and courts	490,000	490,000	364,279	(125,721)
Total fines and forfeitures	490,000	490,000	364,279	(125,721)
MISCELLANEOUS				
Investment income	115,000	115,000	77,987	(37,013)
Property rental	185,468	185,468	181,168	(4,300)
Insurance recovery	5,000	199,370	200,271	901
Donations	-	-	1,633,100	1,633,100
Other	8,000	8,000	19,132	11,132
Total miscellaneous	313,468	507,838	2,111,658	1,603,820
Total revenues	8,189,006	8,468,796	11,067,454	2,598,658
EXPENDITURES				
Judicial				
Municipal Court	423,469	424,057	317,779	106,278
Total judicial	423,469	424,057	317,779	106,278
General Government				
Legislative	142,466	147,466	114,273	33,193
Executive	190,784	244,805	233,821	10,984
Administration	396,961	430,439	375,027	55,412
General government buildings	550,576	657,192	529,414	127,778
Total general government	1,280,787	1,479,902	1,252,535	227,367
Public Safety				
Police	2,978,562	2,986,959	2,610,446	376,513
Fire	456,697	456,697	90,962	365,735
Total public safety	3,435,259	3,443,656	2,701,408	742,248

CITY OF FORT OGLETHORPE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u>
				<u>Budget</u>
EXPENDITURES (continued)				
Public works				
Public works administration	159,686	164,764	161,926	2,838
Highways and streets	1,597,249	1,576,903	2,242,401	(665,498)
Traffic engineering	108,501	110,975	103,843	7,132
Solid waste collection	665,349	696,282	683,897	12,385
Maintenance and shop	118,475	195,163	122,875	72,288
	<u>2,649,260</u>	<u>2,744,087</u>	<u>3,314,942</u>	<u>(570,855)</u>
Culture and Recreation				
Parks administration	170,685	242,710	209,772	32,938
Parks operation	497,372	643,004	482,854	160,150
Swimming pools	98,454	127,667	117,766	9,901
Senior center	10,880	18,176	13,855	4,321
	<u>777,391</u>	<u>1,031,557</u>	<u>824,247</u>	<u>207,310</u>
Public welfare				
Tourism	35,000	35,000	26,034	8,966
	<u>35,000</u>	<u>35,000</u>	<u>26,034</u>	<u>8,966</u>
Housing and development				
Protective inspection	275,116	292,733	264,148	28,585
	<u>275,116</u>	<u>292,733</u>	<u>264,148</u>	<u>28,585</u>
Total expenditures	<u>8,876,282</u>	<u>9,450,992</u>	<u>8,701,093</u>	<u>749,899</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	<u>(687,276)</u>	<u>(982,196)</u>	<u>2,366,361</u>	<u>3,348,557</u>

CITY OF FORT OGLETHORPE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u>
				<u>Budget</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	8,615	8,615
Transfers from other funds	80,000	80,000	53,281	(26,719)
Transfers to other funds	-	-	(3,997)	(3,997)
Transfers to other government	<u>(1,187,746)</u>	<u>(1,187,746)</u>	<u>(1,187,746)</u>	<u>-</u>
	<u>(1,107,746)</u>	<u>(1,107,746)</u>	<u>(1,129,847)</u>	<u>(22,101)</u>
EXCESS (DEFICIENCY) OF REVENUES				
AND OTHER SOURCES OVER				
EXPENDITURES AND OTHER USES				
	(1,795,022)	(2,089,942)	1,236,514	3,326,456
FUND BALANCES				
Beginning	<u>13,507,436</u>	<u>13,507,436</u>	<u>13,507,436</u>	<u>-</u>
Ending	<u>\$ 11,712,414</u>	<u>\$ 11,417,494</u>	<u>\$ 14,743,950</u>	<u>\$ 3,326,456</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The budget is prepared on the same basis as the expenditures are presented, therefore no reconciliation between the budget basis and the basis under generally accepted accounting principles is required.

Expenditures exceeded appropriations in the highways and streets department by \$665,498.

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR ENDING JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
TOTAL PENSION LIABILITY						
Service cost	\$ 142,556	\$ 148,729	\$ 148,072	\$ 147,352	\$ 289,992	\$ 189,965
Interest	762,232	714,902	651,273	628,465	557,072	536,323
Difference between expected and actual experience	45,604	293,325	479,622	(82,176)	405,870	(32,501)
Changes of assumptions	-	-	-	-	-	(136,407)
Other	695,808	-	167,543	-	-	-
Benefit payments, including refunds of employee contributions	<u>(542,016)</u>	<u>(497,406)</u>	<u>(436,072)</u>	<u>(362,617)</u>	<u>(300,839)</u>	<u>(278,484)</u>
Net change in total pension liability	1,104,184	659,550	1,010,438	331,024	952,095	278,896
Total pension liability - beginning	<u>10,291,546</u>	<u>9,631,996</u>	<u>8,621,558</u>	<u>8,290,534</u>	<u>7,338,439</u>	<u>7,059,543</u>
Total pension liability - ending (a)	<u>\$ 11,395,730</u>	<u>\$ 10,291,546</u>	<u>\$ 9,631,996</u>	<u>\$ 8,621,558</u>	<u>\$ 8,290,534</u>	<u>\$ 7,338,439</u>
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 474,801	\$ 404,458	\$ 404,474	\$ 419,319	\$ 402,730	\$ 382,655
Contributions - employee	-	-	-	-	-	-
Net investment income	(528,366)	268,045	828,061	744,315	19,548	506,324
Benefit payments, including refunds of employee contributions	(542,016)	(497,406)	(436,072)	(362,617)	(300,839)	(278,484)
Administrative expense	<u>(21,801)</u>	<u>(20,382)</u>	<u>(19,768)</u>	<u>(20,352)</u>	<u>(14,680)</u>	<u>(13,555)</u>
Net change in total pension liability	(617,382)	154,715	776,695	780,665	106,759	596,940
Plan fiduciary net position - beginning	<u>7,597,043</u>	<u>7,442,328</u>	<u>6,665,633</u>	<u>5,884,968</u>	<u>5,778,209</u>	<u>5,181,269</u>
Plan fiduciary net position - ending (b)	<u>\$ 6,979,661</u>	<u>\$ 7,597,043</u>	<u>\$ 7,442,328</u>	<u>\$ 6,665,633</u>	<u>\$ 5,884,968</u>	<u>\$ 5,778,209</u>
NET PENSION LIABILITY						
Net pension liability (a-b)	<u>\$ 4,416,069</u>	<u>\$ 2,694,503</u>	<u>\$ 2,189,668</u>	<u>\$ 1,955,925</u>	<u>\$ 2,405,566</u>	<u>\$ 1,560,230</u>
Plan fiduciary net position as a percentage of total pension liability	61.25%	73.82%	77.27%	77.31%	70.98%	78.74%
Covered employee payroll	\$ 3,034,938	\$ 3,078,191	\$ 3,162,002	\$ 2,967,249	\$ 2,908,780	\$ 2,982,861
Net pension liability as a percentage of covered-employee payroll	145.51%	87.54%	69.25%	65.92%	82.70%	52.31%

This is a 10-year schedule; however the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years information are available.

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF GMEBS
LAST FISCAL YEAR ENDING JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 497,604	\$ 467,200	\$ 383,544	\$ 411,451	\$ 421,942	\$ 396,326
Contributions in relation to the actuarially determined contribution	<u>497,604</u>	<u>467,200</u>	<u>383,544</u>	<u>411,451</u>	<u>421,942</u>	<u>396,326</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered employee payroll	\$ 3,034,938	\$ 3,078,191	\$ 3,162,002	\$ 2,967,249	\$ 2,908,780	\$ 2,982,861
Contributions as a percentage of covered-employee payroll	16.40%	15.18%	12.13%	13.87%	14.51%	13.29%

This is a 10-year schedule; however the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years information are available.

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF GMEBS
LAST FISCAL YEAR ENDING JUNE 30, 2020

NOTES TO SCHEDULE

Valuation date

The actuarially determined contribution was determined as of July 1, 2020, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending December 31, 2021.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies - Net effective amortization period of 12 years
Asset valuation	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net investment rate of return	7.375%
Projected salary increases	2.25% plus service based merit increases
Retirement age	Pattern of retirement determined by experience study
Mortality	Customizable table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustment	0.00%

Benefit Changes

None

Changes of Assumptions

Amounts reported for the fiscal year ending in 2020 and later reflect assumption changes based on an actuarial study conducted in November and December of 2019. The mortality table was changed from RP-2000 to Pri-2012 with rates multiplied by 1.25. The prior retirement assumption was based on the Plan's normal retirement eligibility. The new assumption relates to when a given participant is eligible for normal retirement. Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The inflation assumption was decreased from 2.75% to 2.25%. The salary increase assumption was changed from 8.25% to 8.50% for the first two years with an ultimate rate change from 3.25% to 3.00%. The investment return assumption was decreased from 7.5% to 7.375%.

OTHER SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**

CITY OF FORT OGLETHORPE, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2020

	Special Revenue			Capital Projects	
	Confiscated Assets	Hotel/ Motel Tax	Total	T-SPLOST	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 30,688	\$ -	\$ 30,688	\$ 55,083	\$ 85,771
Other receivables	-	-	-	2,318	2,318
Total assets	<u>\$ 30,688</u>	<u>\$ -</u>	<u>\$ 30,688</u>	<u>\$ 57,401</u>	<u>\$ 88,089</u>
LIABILITIES AND FUND BALANCES					
Fund balances					
Restricted for					
Public safety	\$ 30,688	\$ -	\$ 30,688	\$ -	\$ 30,688
SPLOST projects	-	-	-	57,401	57,401
Total fund balances	30,688	-	30,688	57,401	88,089
Total liabilities and fund balances	<u>\$ 30,688</u>	<u>\$ -</u>	<u>\$ 30,688</u>	<u>\$ 57,401</u>	<u>\$ 88,089</u>

CITY OF FORT OGLETHORPE, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020

	<u>Special Revenue</u>			<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Confiscated Assets</u>	<u>Hotel/ Motel Tax</u>	<u>Total</u>	<u>T-SPLOST</u>	
REVENUES					
Taxes	\$ -	\$ 53,281	\$ 53,281	\$ -	\$ 53,281
Intergovernmental	-	-	-	22,797	22,797
Fines, fees and forfeitures	9,913	-	9,913	-	9,913
Interest	81	-	81	167	248
	<u>9,994</u>	<u>53,281</u>	<u>63,275</u>	<u>22,964</u>	<u>86,239</u>
Total revenues					
	<u>9,994</u>	<u>53,281</u>	<u>63,275</u>	<u>22,964</u>	<u>86,239</u>
EXPENDITURES					
Current					
Public safety	1,123	-	1,123	-	1,123
	<u>1,123</u>	<u>-</u>	<u>1,123</u>	<u>-</u>	<u>1,123</u>
Total expenditures					
	<u>1,123</u>	<u>-</u>	<u>1,123</u>	<u>-</u>	<u>1,123</u>
EXCESS OF REVENUES OVER EXPENDITURES	8,871	53,281	62,152	22,964	85,116
OTHER FINANCING USES					
Transfer to other funds	-	(53,281)	(53,281)	-	(53,281)
	<u>-</u>	<u>(53,281)</u>	<u>(53,281)</u>	<u>-</u>	<u>(53,281)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	8,871	-	8,871	22,964	31,835
FUND BALANCES					
Beginning	21,817	-	21,817	34,437	56,254
	<u>21,817</u>	<u>-</u>	<u>21,817</u>	<u>34,437</u>	<u>56,254</u>
Ending	<u>\$ 30,688</u>	<u>\$ -</u>	<u>\$ 30,688</u>	<u>\$ 57,401</u>	<u>\$ 88,089</u>

FINANCIAL SCHEDULES

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>Prior to 2016</u>	<u>Total</u>
TAXES RECEIVABLE						
Beginning	\$ -	\$ 148,406	\$ 18,428	\$ 2,346	\$ 213	\$ 169,393
TAX LEVY	1,798,962	-	-	-	-	1,798,962
ADJUSTMENTS						
Releases, net of pickups	176	1,308	636	-	-	2,120
COLLECTIONS	<u>(1,608,746)</u>	<u>(131,122)</u>	<u>(11,648)</u>	<u>(2,151)</u>	<u>(7)</u>	<u>(1,753,674)</u>
TAXES RECEIVABLE						
Ending	<u>190,392</u>	<u>18,592</u>	<u>7,416</u>	<u>195</u>	<u>206</u>	<u>216,801</u>
Less allowance for uncollectible taxes	<u>(973)</u>	<u>(151)</u>	<u>(57)</u>	<u>(2)</u>	<u>(2)</u>	<u>(1,185)</u>
TAXES RECEIVABLE						
Net	<u>\$ 189,419</u>	<u>\$ 18,441</u>	<u>\$ 7,359</u>	<u>\$ 193</u>	<u>\$ 204</u>	<u>\$ 215,616</u>

**CITY OF FORT OGLETHORPE, GEORGIA
 SCHEDULE OF WATER AND SEWER RATES
 DECEMBER 31, 2020**

The water and sewer rates for the City of Fort Oglethorpe, Georgia are as follows:

	Water Rates	Sewer Rates
Residential		
First 2,000 gallons	\$17.49/minimum	\$22.91/minimum
All over 2,000 gallons	\$4.62/1,000 gallons	\$6.04/1,000 gallons
 Commercial		
First 2,000 gallons	\$22.96/minimum	\$29.35/minimum
All over 2,000 gallons	\$8.87/1,000 gallons	\$11.49/1,000 gallons

As of December 31, 2020, the City had approximately 3,569 water customers and 6,639 sewer customers.

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Pass-Through Number	Beginning Accrued (Deferred)	Cash Receipts (Refunds)	Expenditures	Ending Accrued (Deferred)
U.S. Department of Justice						
Justice Assistance Grant Byrne Vest Program	16.580		-	4,045	4,645	600
Total Department of Justice			-	4,045	4,645	600
U.S. Department of the Treasury						
Pass-through from Georgia Department of the Treasury						
Coronavirus Relief Fund - COVID	21.019	HR-748	-	523,162	523,162	-
Total U.S. Department of Treasury			-	523,162	523,162	-
Total Federal Awards			\$ -	\$ 527,207	\$ 527,807	\$ 600

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

**SEC RULE 15C2-12 CONTINUING DISCLOSURES
ANNUAL OPERATING INFORMATION SECTION
(Unaudited)**

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

General

The water and sewer system is composed of a water storage and distribution system and a wastewater collection and disposal system. The City does not own or operate any water treatment facility or wastewater treatment facility but instead contracts with third party providers for those services. The Mayor and City council have ultimate authority and control over the policy and rate setting of the System. Water and sewer service is available to all residents and businesses within the City. The water system does not serve customers outside the corporate limits of the City. As of December 31, 2020, the water system provides water to 3,569 customers in the City. The Sewer system serves approximately 6,639 customers, 4,229 of whom are in the City and 2,410 of whom are outside the City limits.

Water System

The City's water system consists of a retail water distribution system with one ground water storage tank that has a two million gallon storage capacity. The City purchases virtually all of its treated water from the Tennessee-American Water Company (Tennessee American), a Tennessee Corporation and public utility that owns and operates a water utility system in and around the City of Chattanooga, Tennessee.

On May 13, 2013, the City entered into a new contract with Tennessee-American (the "Water Contract"). The Water Contract provides that the City will purchase a minimum of 273,750,000 gallons of water per year (750,000 per day average) on a take-or-pay basis. The Water Contract provides that, except in the unlikely circumstance of water being unavailable at a level that meets the City's water demand (and then, only to the extent of such unavailability), the City may not purchase potable water from other sources or reduce its purchases from Tennessee-American by developing its own water source or by purchasing water from another source. The Water Contract is for a three (3) year term and shall be automatically renewed for renewal terms of three (3) years unless either party provides written notice not less than one year prior to the end of such term that the Water Contract will be terminated.

On September 24, 1999, the City entered into a Service Delivery Strategy Agreement with Catoosa County, Georgia, the City of Ringgold, Georgia, and the Catoosa Utility District Authority. The Service Delivery Strategy Agreement is required under Georgia law to help ensure a clean, safe, and adequate water supply. The Service Delivery Strategy Agreement has a term of 25 years and can be extended for another 25 years upon mutual agreement of all the parties thereto.

The City has two connections to the Tennessee-American water system and three connections to the Catoosa Utility District Authority water system. Tennessee-American's water source is the Tennessee River. The Catoosa Utility District Authority's water source is Yates Springs, as well as the Tennessee River through water it purchases from the Eastside Utility District in Chattanooga, Tennessee.

The City's water distribution system consists of approximately 35 miles of pipelines ranging in size from 2" to 12" in diameter with the majority being 8" mains. Pipelines are made of ductile iron, PVC and AC. Approximately 100% of the pipelines have been in service for one year or more, with the oldest pipelines installed approximately 100 years ago. Pipelines that are prone to failure and older pipelines are replaced under the City's Capital Improvement Plan and Expenditure Project, which is typically authorized every year. The distribution system covers over 80% of the developed area within the City limits. The remaining 20% of the

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Water System (continued)

City is covered by the Catoosa Utility District and Tennessee American Water Company. All water mains are looped where possible. Valves are uniformly installed to allow for system isolation to make repairs as needed.

To comply with Georgia EPD regulations, the City conducts regular inspections, including cleaning and painting, as needed, of its water storage tanks.

The general condition of the distribution network is good and has an acceptable level of water loss as determined by EPD audits.

Sewer System

The City's sewer system is available to all areas within the corporate limits of the City. In addition, in 1994, the Catoosa Utility District Authority gave the City ownership of the existing sewer lines outside the City within the West Chickamauga Creek drainage basin. The sewer system transports sewage through the Northwest Georgia Interceptor Sewer System to Chattanooga's Moccasin Bend Wastewater Treatment Facility for treatment.

The City discharges its wastewater into Chattanooga's Moccasin Bend Wastewater Treatment Facility pursuant to a new contract (the "**Sewer Contract**") entered into on May 18, 2017, between the City and Chattanooga. The term of the Sewer Contract is for a period of 15 years from the date of its execution, which means it expires May 18, 2032. The City and Chattanooga entered into the Sewer Contract after the Consent Decree described next went into effect.

Chattanooga entered into a consent decree with the United States Environmental Protection Agency and the State of Tennessee, in the case styled *United States of America et. al. v. City of Chattanooga*, No. 1:12-cv-00245, which became effective on April 23, 2013 (the "**Consent Decree**"). The Consent Decree addressed Chattanooga's sanitary sewer overflows. Many of the requirements imposed on Chattanooga pursuant to the Consent Decree flow down to the City under the Sewer Contract. Accordingly, the City has undertaken a variety of different capital projects to improve the condition of its sewers and thereby reduce the occurrence of its sanitary sewer overflows. To date, the City has accomplished all required projects within the timeframe provided under the Sewer Contract. The establishment of a Capacity Assurance Program has been completed. The City's Capacity Assurance Program is subject to annual review by Chattanooga.

Pursuant to the Sewer Contract, Chattanooga is responsible for the conveyance of the City's wastewater from the points of interconnection to Chattanooga's treatment facilities and is also responsible for the appropriate treatment and disposal of said wastewater. For all City wastewater treated by Chattanooga at the Moccasin Bend Wastewater Treatment Plant, the City pays Chattanooga based on the applicable rates in the Chattanooga City Code Chapter 31, Article II, Section 31-36, § (c) and (d), as set forth in the Sewer Contract.

Chattanooga covenants in the Sewer Contract that in no event shall the City be charged at a rate greater than the most favorable contract or practice into which Chattanooga may enter in the future for sewage treatment. In the event of any such favorable contract or practice by Chattanooga, then the City shall automatically benefit from the lower rate. Chattanooga agrees to review rates annually and to give the City no less than 60 days' notice of any proposed rate increase.

Sewer System (continued)

Pursuant to an overall plan of the State of Georgia Department of Natural Resources, Environmental Protections Division ("**EPD**") for a regional solution to the wastewater treatment problems in the area, the State of Georgia funded the construction of interceptor sewers, force mains, and pump stations in order to

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

accommodate wastewater flows from the City and certain portions of Catoosa County and Walker County. The wastewater flow from the City and Catoosa and Walker Counties is transported to the Moccasin Bend Regional Wastewater Treatment Facility. This sewer system is known as the Northwest Georgia Interceptor Sewer System. The Northwest Georgia Interceptor Sewer System is owned and maintained by the City of Chattanooga.

Chattanooga owns and operates the Moccasin Bend Wastewater Treatment Facility. The 1976 Clean Water Act 201/208 Facility Plans designate the Moccasin Bend Wastewater Treatment Facility as the regional treatment facility for the Chattanooga/North Georgia area. Currently, the Moccasin Bend Wastewater Treatment Facility provides wastewater treatment service for the City, Chattanooga, the City of Collegedale, Tennessee; part of the Hixson Utility District service area in Hamilton County, Tennessee; City of Red Bank, Tennessee; City of East Ridge, Tennessee; City of Soddy Daisy, Tennessee; City of Rossville, Georgia; City of Fort Oglethorpe, Georgia; Town of Lookout Mountain, Tennessee; City of Lookout Mountain, Georgia; and portions of Walker County and Catoosa County, Georgia.

Chattanooga’s Waste Resources Division administers the Moccasin Bend Wastewater Treatment Facility. Rates for collection and treatment of wastewater are established each year based on projected costs and revenues. The City Council of Chattanooga has ultimate authority regarding operations of its sewer system and rate setting for wastewater treatment services. Uniform rates for operations and maintenance and debt service are established yearly for all regional users of the Moccasin Bend Wastewater Treatment Facility. The aggregate rate is required by the EPD to be uniform system-wide. The aggregate regional rates for the last six years per thousand gallons of wastewater treated at the Moccasin Bend Wastewater Treatment Facility are as follows:

<u>Effective Date</u>	<u>Rate Per 1,000 Gallons</u>
July 1, 2015	1.1503
July 1, 2016	1.2119
July 1, 2017	0.8434
July 1, 2018	0.8434
July 1, 2019	2.4033
July 1, 2020	2.4033

The wastewater collection system operates under gravity flow (with some force mains) and uses 14 wastewater pumping stations and approximately 85 miles of collection sewers, which transport primarily sanitary sewage. Approximately 90% of the sewer system is drained by gravity, and the remainder requires pumping at least once. The collection and conveyance system uses a combination of 4-inch to 24-inch sewers. Most of the sewers are made of PVC. Approximately 90% of the sewers have been in service for one year or more, with the oldest sewers installed approximately 65 years ago. Portions of the collection and conveyance system have standby pumps and a standby power system. The general condition of the collection and conveyance system is good.

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Capital Improvements to Water and Sewer System from Current Funds

Over the years, the City has enlarged and extended its water and sewer system with funds derived from revenues of the System, City funding, GEFA Loans, and Federal grants. The following table shows the amounts from such sources spent on capital improvements to the System during the last six fiscal years.

Fiscal Year Ended December 31	System Revenues	GEFA Loans	Federal Grants	Series 2009 Bonds	Series 2014 Bonds	Series 2019 Bonds	Total
2015	-	-	-	1,389,798	1,553,810	-	2,943,608
2016	-	-	175,033	-	1,256,895	-	1,431,928
2017	-	-	324,967	-	697,151	-	1,022,118
2018	-	2,680	-	-	1,453,092	-	1,455,772
2019	-	-	-	-	-	-	-
2020	-	-	-	-	-	2,056,423	2,056,423

Water and Sewer System: Governmental Approvals and Environmental Regulation.

State Requirements. The Georgia Water Quality Control Act authorizes EPD, to regulate the withdrawal of water from rivers, lakes, and streams in Georgia. Since the City purchases all of its water from a third party, the City has no withdrawal permits.

From March 7, 2005 to March 2, 2018, the City was operating under an EPD consent order, EPD-WQ-4371. The EPD provides for fines to be levied for all owners/operators of sewer systems of up to \$50,000 if sewage spills into state waters. Under the EPD consent order, the City agreed with EPD that if a sewage spill into state waters occurs, a stipulated penalty of \$1,000 would apply. The City made one such \$1,000 payment in 2016, two in 2015, and one in 2014, in addition to payments in prior years. The City undertook efforts to remedy the spill issues, and in March 2018, EPD closed the consent order because the City had not had a spill since February 3, 2016.

However, the City subsequently experienced three sewage spills into state waters in 2018 due to excessive rain water, for which the City paid a total of \$4,125.00 in penalties to EPD. One spill occurred at a pump station where the City’s pumps were unable to handle the rain water flow. In January 2019, the City Council approved \$13,218 in upgrades for this pump station. To further address these overflow issues, in May 2019, the City Council approved a \$1,866,829 sanitary sewer rehabilitation project, which was recently completed. In order to gauge the success of this project, on October 14, 2019, the City Council approved a system-wide sewer flow monitoring program. The City continues to monitor sewer flow and uses that data to determine any further necessary courses of action.

Federal Requirements. The City’s wastewater operations are subject to the regulatory requirements imposed by the Federal Water Pollution Control Act, as amended (the “**Clean Water Act**”). The regulatory requirements are administered by the Federal Environmental Protection Agency (“**EPA**”) through the EPD. Regulations of these agencies deal primarily with the quality of effluent which may be discharged from the City’s wastewater treatment facilities, the disposal of sludge generated by the wastewater treatment plant, the discharge of pollutants into the groundwater, and the nature of waste material (particularly industrial waste) discharged into the collection system. As a condition of having received Federal EPA grant funds under the Clean Water Act for planning, design, and construction of various wastewater projects, the City is subject to additional regulatory requirements. Among the grant-related requirements are guidelines which must be followed concerning

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Capital Improvements to Water and Sewer System from Current Funds (continued)

planning methodologies, design criteria, construction activities, and the operation, maintenance, and financing of facilities. The City is complying with all such grant-related regulations.

To comply with other federal regulations concerning the discharge of waste materials into the sewer system, the City must administer and enforce industrial pretreatment limitation standards upon users of the sewer system. The City has had an industrial waste program in effect since 1970.

Number of Water and Sewer Customers

The following table shows historical numbers of active water and sewer customers of the System for the last seven fiscal years who are billed directly by the City. There are approximately 2,410 customers of the System who are billed by the Catoosa Utility District. This table does not include inactive meters.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water							
Residential ¹	2,426	2,732	2,779	2,854	2,906	3,190	3,191
Commercial	326	330	339	352	355	385	378
Total	<u>2,752</u>	<u>3,062</u>	<u>3,118</u>	<u>3,206</u>	<u>3,261</u>	<u>3,575</u>	<u>3,569</u>
Sewer							
Residential ¹	3,066	3,248	3,262	3,540	3,588	3,728	3,887
Commercial	366	295	292	303	312	329	342
Total	<u>3,432</u>	<u>3,543</u>	<u>3,554</u>	<u>3,843</u>	<u>3,900</u>	<u>4,057</u>	<u>4,229</u>

¹ Includes apartment complexes, which are served by a single connection.

Historical Water and Sewer Usage

The following table shows historical data of water and sewer demand for the last six fiscal years.

Fiscal Year	Daily Water Consumption		Daily Sewer Consumption	
	<u>Peak (MDG)</u>	<u>Average (MDG)</u>	<u>Peak (MDG)</u>	<u>Average (MDG)</u>
2015	1.15	0.90	2.79	2.40
2016	1.19	0.91	3.01	1.67
2017	0.90	0.77	2.84	2.28
2018	0.92	0.85	4.66	3.35
2019	0.95	0.84	5.43	2.76
2020	1.17	0.76	4.75	1.55

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Ten Largest Water and Sewer Customers

The following table shows the ten largest water and sewer customers of the System for the fiscal year ended December 31, 2020. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the water system.

<u>Customer</u>	<u>Type of Business</u>	<u>Gallons Metered (000s)</u>	<u>Annual Water and Sewer Revenue</u>	<u>Revenues as a Percent of Total System Revenues¹</u>
Cornerstone Medical Center	Healthcare	14,798	\$ 135,445	2.34%
Hallmark-Oglethorpe LLC	Apartments	8,657	116,444	2.01%
Battlewood Apartments	Apartments	2,748	72,720	1.25%
Parkside Operations	Healthcare	3,329	68,571	1.18%
Lakeshore Apartments	Apartments	4,718	61,594	1.06%
Ft. O Nursing Ctr Pruitt Corp	Healthcare	2,400	49,009	0.85%
GC of FO	Restaurant	2,053	41,938	0.72%
Rovert Inc., d/b/a Pals	Car Wash	1,793	36,634	0.63%
Park Knoll Apartments	Apartments	1,863	27,412	0.47%
Cedar Lane Apartments	Apartments	1,311	21,304	0.37%
Total		<u>43,670</u>	<u>\$ 631,071</u>	<u>10.88%</u>

¹ Based on total water and sewer revenues of \$5,798,880 for the fiscal year ended December 31, 2020.

System Management

The City has a total of 9 employees who work in the System. The day-to-day operation of the System is under the direction of Courtney Johnson, who has been Director of Public Utilities since November 2019. Mr. Johnson holds a State of Georgia certification in water distribution and maintenance technology.

Rate Setting Process

The Mayor and City Council have the ultimate authority to set the City's water and sewer rates. The rate structure is reviewed annually as part of its budgetary process. If increases to the water and/or sewer rates or any fees related to the System (such as septic tank dump fees or meter installation fees) are deemed necessary, the City Manager recommends those increases to the City Council to take action on such changes.

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Billing and Collection Policy

Monthly bills are prepared based on usage during the previous month. All meters are read between the 15th and 18th of each month and completed by the end of each month. The bills are computed by using the amount of usage determined by the meter readings. The monthly bills are prepared and mailed during the first week of the month. The water and sewer bills are due upon receipt. For bills not paid by the 20th of each month, a 10% fee is imposed. Bills are then subject to cutoff if not paid by the 30th of each month. A \$45 reconnect fee is charged to each residential customer and \$125 to each commercial customer for services discontinued due to nonpayment of water and sewer bill. New residential customers are charged a meter deposit of \$75 for homeowners and \$125 for rental units and new commercial customers are charged a meter deposit ranging from \$150 to \$450 depending upon the size of the water line. Meter deposits are refunded only upon the customer's termination of service.

Comparison of Monthly Bills for Water and Sewer Services

Set forth below is a comparison of average equivalent monthly residential water and sewer bills of customers of the System and customers of the City of Ringgold and the Catoosa Utility District. The rates shown are for service within City limits for 2,000 gallons of water used.

	<u>Fort Oglethorpe</u>	<u>Ringgold</u>	<u>Catoosa Utility District</u>
Water	\$ 17.49	\$ 14.03	\$ 15.00
Sewer	<u>22.91</u>	<u>16.83</u>	<u>29.79</u>
Total	<u>\$ 40.40</u>	<u>\$ 30.86</u>	<u>\$ 44.79</u>

Rates, Fees, and Charges

Monthly service charges for water and sewer services generally consist of a monthly demand charge based upon the size of a customer's water meter plus a volume charge applied to the monthly water consumption. In addition, connection fees varying by water meter size are charged to new customers connecting to the System.

The water and sewer rates to all customers within each class of service within the City are uniform. Other than water service provided to the City and its departments, the City does not provide any free water or sewer service.

Pursuant to an Act of the General Assembly of the State of Georgia, which became effective on May 1, 1997, each Georgia county and the municipalities within such county were required to execute an agreement for the implementation of a local government service delivery strategy. The Act required that the strategy promote the delivery of local government services in the most efficient, effective, and responsive manner and identify steps to be taken to remediate or avoid overlapping and unnecessary competition and duplication of service delivery. Pursuant to the Act, the strategy must provide that water or sewer fees charged to customers located outside the geographic boundaries of a service provider may not be arbitrarily higher than fees charged to customers of such service which are located within the geographic boundaries of the service provider. Georgia law requires that local governments participate in a plan known as the Service Delivery Strategy to minimize inefficiencies resulting from duplication of services and competition between local governments and to enhance the services' efficiency and responsiveness. The City is in compliance with the Service Delivery Strategy approved and

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Rates, Fees, and Charges (continued)

adopted in 1998 by certain local governments located within Catoosa County (Catoosa County, Catoosa Utility District Authority, the City of Ringgold, and the City).

The city has adjusted its water and sewer rate schedules annually, except for 2015 and 2020. A summary of the general rate schedule in effect since January 1, 2015, to present is set forth below. The city passed a sewer rate increase in May of 2017 effective January 1, 2018. On July 22, 2019, the City Council adopted a resolution providing for new rates for the water and sewer system, effective October 1, 2019.

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Inside City Water Rate</u>						
Residential						
First 2,000 gal. (min.)	\$ 16.59	\$ 16.66	\$ 17.49	\$ 17.49	\$ 17.49	\$ 17.49
Each additional 1,000 gal.	\$ 4.37	\$ 4.40	\$ 4.62	\$ 4.62	\$ 4.62	\$ 4.62
Commercial						
First 2,000 gal. (min.)	\$ 21.23	\$ 21.87	\$ 22.96	\$ 22.96	\$ 22.96	\$ 22.96
Each additional 1,000 gal.	\$ 8.31	\$ 8.45	\$ 8.87	\$ 8.87	\$ 8.87	\$ 8.87
<u>Inside City Sewer Rate</u>						
Residential						
First 2,000 gal. (min.)	\$ 15.28	\$ 18.08	\$ 18.98	\$ 21.82	\$ 22.91	\$ 22.91
Each additional 1,000 gal.	\$ 4.04	\$ 4.76	\$ 5.00	\$ 5.75	\$ 6.04	\$ 6.04
Commercial						
First 2,000 gal. (min.)	\$ 20.06	\$ 23.14	\$ 24.30	\$ 27.95	\$ 29.35	\$ 29.35
Each additional 1,000 gal.	\$ 7.75	\$ 9.06	\$ 9.51	\$ 10.94	\$ 11.49	\$ 11.49
<u>Outside City Sewer Rate</u>						
(Catoosa Utility Water)						
Residential						
First 2,000 gal. (min.)	\$ 21.57	\$ 23.51	\$ 24.67	\$ 28.37	\$ 29.79	\$ 29.79
Each additional 1,000 gal.	\$ 6.19	\$ 6.50	\$ 6.50	\$ 7.48	\$ 7.85	\$ 7.85
Commercial						
First 2,000 gal. (min.)	\$ 27.60	\$ 30.08	\$ 31.59	\$ 36.33	\$ 38.15	\$ 38.15
Each additional 1,000 gal.	\$ 10.80	\$ 11.77	\$ 12.36	\$ 14.21	\$ 14.92	\$ 14.92
<u>Outside City Sewer Rate</u>						
(TN American Water)						
Residential						
First 2,000 gal. (min.)	\$ 21.98	\$ 23.92	\$ 25.08	\$ 28.78	\$ 30.20	\$ 30.20
Each additional 1,000 gal.	\$ 6.19	\$ 6.50	\$ 6.50	\$ 7.48	\$ 7.85	\$ 7.85
Commercial						
First 2,000 gal. (min.)	\$ 28.01	\$ 30.49	\$ 32.00	\$ 36.74	\$ 38.56	\$ 38.56
Each additional 1,000 gal.	\$ 10.80	\$ 11.77	\$ 12.36	\$ 14.21	\$ 14.92	\$ 14.92

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Five year net assets history

The table below sets forth a historical statement of net assets for the past five fiscal years of the system.

City of Fort Oglethorpe
Proprietary Fund – Water and Sewer Fund
Historical Statements of Net Assets

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Current assets					
Cash and cash equivalents	\$ 5,542,195	\$ 6,928,723	\$ 7,069,291	\$ 2,984,385	\$ 8,658,982
Certificates of deposit	-	-	-	4,081,343	-
Inventory	-	-	-	-	62,694
Receivables, net of allowance for uncollectibles	489,081	445,188	653,274	507,564	559,377
Interest receivable	17,034	22,908	29,365	80,760	-
Due from other funds	21,206	17,867	50,491	22,105	19,495
Due from other governments	-	-	74,682	48,090	114,714
Prepaid insurance	<u>16,889</u>	<u>34,718</u>	<u>15,564</u>	<u>34,472</u>	<u>41,336</u>
Total current assets	6,086,405	7,449,404	7,892,667	7,758,719	9,456,598
Long-term assets					
Restricted assets					
Investments in CDs or MM, restricted by bond covenants	2,935,826	2,538,570	1,103,449	4,339,765	893,520
Bond interest and sinking funds	222,297	222,638	222,688	223,438	262,457
Capital assets					
Land and other non-depreciable assets	388,616	718,436	1,666,272	2,305,404	2,526,267
Property, plant and equipment	29,367,974	30,421,566	31,434,797	32,928,918	36,177,950
Accumulated depreciation	(8,586,860)	(9,282,686)	(9,714,014)	(10,456,322)	(11,179,924)
Other assets					
Prepaid bond insurance	<u>14,274</u>	<u>13,618</u>	<u>12,962</u>	<u>-</u>	<u>-</u>
Total long-term assets	<u>24,342,127</u>	<u>24,632,142</u>	<u>24,726,154</u>	<u>29,341,203</u>	<u>28,680,270</u>
Total assets	<u>30,428,532</u>	<u>32,081,546</u>	<u>32,618,821</u>	<u>37,099,922</u>	<u>38,136,868</u>

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Five year net assets history (continued)

City of Fort Oglethorpe
Proprietary Fund – Water and Sewer Fund
Historical Statements of Net Assets

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Deferred outflows of resources					
Bond issue costs	\$ 586,026	\$ 559,083	\$ 532,139	\$ 497,275	\$ 470,754
Pension related items	189,081	157,934	195,028	223,309	401,317
Deferred loss on debt refunding	<u>855,060</u>	<u>815,747</u>	<u>776,434</u>	<u>1,344,210</u>	<u>1,272,519</u>
Total deferred outflows of resources	<u>1,630,167</u>	<u>1,532,764</u>	<u>1,503,601</u>	<u>2,064,794</u>	<u>2,144,590</u>
Current liabilities					
Current maturities of notes and bonds	485,000	490,000	500,000	700,000	615,000
Accounts payable	213,272	888,755	409,028	771,137	592,719
Accrued interest payable	101,042	100,133	97,683	-	108,702
Due to other funds	909	1,103	829	1,352	1,014
Payroll withholdings and accruals	10,002	12,514	14,372	18,636	21,866
Compensated absences	45,848	47,316	42,255	48,184	44,491
Customer deposits	172,385	176,975	180,070	183,915	201,475
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,045</u>
Total current liabilities	<u>1,028,458</u>	<u>1,716,796</u>	<u>1,244,237</u>	<u>1,723,224</u>	<u>1,623,312</u>
Long-term liabilities					
Bonds payable, net of current portion	13,440,852	12,949,433	12,448,015	15,277,523	14,637,055
Notes payable	-	-	2,680	-	-
Net pension liability	<u>487,849</u>	<u>439,496</u>	<u>478,881</u>	<u>558,840</u>	<u>880,564</u>
Total long-term liabilities	<u>13,928,701</u>	<u>13,388,929</u>	<u>12,929,576</u>	<u>15,836,363</u>	<u>15,517,619</u>
Total liabilities	<u>14,957,159</u>	<u>15,105,725</u>	<u>14,173,813</u>	<u>17,559,587</u>	<u>17,140,931</u>
Deferred inflows of resources					
Pension related items	<u>23,739</u>	<u>72,970</u>	<u>102,900</u>	<u>62,802</u>	<u>36,441</u>

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Five year net assets history (continued)

City of Fort Oglethorpe
Proprietary Fund – Water and Sewer Fund
Historical Statements of Net Assets

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net position					
Net investment in capital assets	7,243,878	8,417,883	10,439,040	8,800,477	12,272,238
Restricted for debt service	222,297	222,638	222,688	223,438	262,457
Unrestricted	<u>9,611,626</u>	<u>9,795,094</u>	<u>9,183,981</u>	<u>12,518,412</u>	<u>10,569,391</u>
Total net position	<u>\$ 17,077,801</u>	<u>\$ 18,435,615</u>	<u>\$ 19,845,709</u>	<u>\$ 21,542,327</u>	<u>\$ 23,104,086</u>

Five Year Operating History

The table below sets forth a historical, comparative summary of revenues and expenses for the past five fiscal years of the System. Information in the table for fiscal years 2016 to 2020 has been extracted from the “City of Fort Oglethorpe, Georgia, Proprietary Fund - Water and Sewer Fund, Statement of Revenues, Expenses and Changes in Net Position,” contained within the financial statements of the City for the fiscal years ended December 31, 2016 to December 31, 2020. Although taken from audited financial statements for fiscal years 2016 through 2020, no representation is made that the information is comparable from year to year, or that the information as shown, taken by itself, presents fairly the results of operation of the individual systems or the System for the fiscal years shown. For more complete information, reference is made to the audited financial statement of the City for fiscal year 2020, which is included in this Official Statement, and to the audited financial statements of the City for fiscal years 2016 through 2019, copies of which are available from the City upon request.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating revenues					
Water sales	\$ 1,500,849	\$ 1,517,640	\$ 1,495,755	\$ 1,566,641	\$ 1,510,351
Sewer charges	3,464,498	3,538,924	3,973,501	4,179,152	4,288,529
Water and sewer taps	99,955	61,400	43,500	80,750	151,798
Meter and reconnect fees	37,465	36,505	37,847	38,529	47,821
Local government grants	-	-	739,815	204,422	1,257,495
Other	<u>69,769</u>	<u>78,722</u>	<u>74,120</u>	<u>75,082</u>	<u>83,655</u>
Total revenues	<u>5,172,536</u>	<u>5,233,191</u>	<u>6,364,538</u>	<u>6,144,576</u>	<u>7,339,649</u>

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Five Year Operating History (continued)

City of Fort Oglethorpe
Water and Sewer Fund
Historical Statement of Revenues,
Expenses, and Changes in Net Assets

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating expenses					
Depreciation and amortization	753,144	803,748	828,053	824,412	919,937
General operating expense	<u>3,375,321</u>	<u>3,707,545</u>	<u>3,810,749</u>	<u>3,840,095</u>	<u>5,135,281</u>
Total expenses	<u>4,128,465</u>	<u>4,511,293</u>	<u>4,638,802</u>	<u>4,664,507</u>	<u>6,055,218</u>
Operating income	<u>1,044,071</u>	<u>721,898</u>	<u>1,725,736</u>	<u>1,480,069</u>	<u>1,284,431</u>
Non-operating revenue (expense)					
Interest revenue	23,260	37,921	53,737	115,961	52,549
Gain (Loss) on disposal of capital assets	-	-	(263,785)	1,235	33,000
Interest expense	<u>(411,367)</u>	<u>(403,258)</u>	<u>(398,094)</u>	<u>(293,070)</u>	<u>(457,094)</u>
Total non-operating revenue (expense)	<u>(388,107)</u>	<u>(365,337)</u>	<u>(608,142)</u>	<u>(175,874)</u>	<u>(371,545)</u>
Income (loss) before operating transfers	655,964	356,561	1,117,594	1,304,195	912,886
Transfers from other funds	<u>759,952</u>	<u>1,001,253</u>	<u>292,500</u>	<u>392,423</u>	<u>606,250</u>
Change in net position	<u>1,415,916</u>	<u>1,357,814</u>	<u>1,410,094</u>	<u>1,696,618</u>	<u>1,519,136</u>
Net position					
Beginning	15,661,885	17,077,801	18,435,615	19,845,709	21,542,327
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,623</u>
Beginning, as restated	<u>15,661,885</u>	<u>17,077,801</u>	<u>18,435,615</u>	<u>19,845,709</u>	<u>21,584,950</u>
Ending	<u>\$17,077,801</u>	<u>\$18,435,615</u>	<u>\$19,845,709</u>	<u>\$21,542,327</u>	<u>\$23,104,086</u>

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Debt service schedule

Set forth below are the principal and interest payment requirements of the City with respect to the Bonds.

<u>FYE (December 31)</u>	<u>Principal of the Bonds</u>	<u>Interest on the Bonds</u>	<u>Total Debt Service</u>
2020	700,000.00	356,381.95	1,056,381.95
2021	610,000.00	445,422.52	1,055,422.52
2022	635,000.00	421,022.52	1,056,022.52
2023	660,000.00	395,622.52	1,055,622.52
2024	685,000.00	369,222.52	1,054,222.52
2025	715,000.00	341,822.52	1,056,822.52
2026	745,000.00	313,222.52	1,058,222.52
2027	770,000.00	283,422.52	1,053,422.52
2028	795,000.00	260,322.52	1,055,322.52
2029	820,000.00	236,472.52	1,056,472.52
2030	835,000.00	220,072.52	1,055,072.52
2031	860,000.00	195,022.52	1,055,022.52
2032	885,000.00	169,222.52	1,054,222.52
2033	905,000.00	149,310.02	1,054,310.02
2034	930,000.00	127,816.26	1,057,816.26
2035	950,000.00	105,031.26	1,055,031.26
2036	975,000.00	81,281.26	1,056,281.26
2037	1,000,000.00	55,687.50	1,055,687.50
2038	1,025,000.00	28,187.50	1,053,187.50
	<u>\$ 15,500,000.00</u>	<u>\$ 4,554,565.99</u>	<u>\$ 20,054,565.99</u>

Historical and Pro-forma Debt Service Coverage Ratios

The Net Revenues of the System will be pledged to the payment of the Bonds. Set forth below are historical and pro-forma debt service coverage ratios. The historical figures are based upon Net Revenues of the System available for Debt Service that occurred during fiscal year 2013 through fiscal year 2020. The pro-forma figures are based upon the City's financial forecast of the Net Revenues of the System available for debt service for fiscal years 2021 through 2024.

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Historical and Pro-forma Debt Service Coverage Ratios (continued)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating revenues	\$ 6,144,576	\$ 6,364,538	\$ 5,233,191	\$ 5,172,536	\$ 4,780,362
Operating expenses	(4,664,507)	(3,810,749)	(3,707,545)	(3,375,545)	(3,193,052)
Interest earnings	115,961	53,737	37,921	23,260	10,658
Transfer revenues	<u>392,423</u>	<u>292,500</u>	<u>1,001,253</u>	<u>759,952</u>	<u>500,970</u>
 RADS with transfers	 <u>\$ 1,988,453</u>	 <u>\$ 2,900,026</u>	 <u>\$ 2,564,820</u>	 <u>\$ 2,580,203</u>	 <u>\$ 2,098,938</u>
 RADS without transfers	 <u>\$ 1,596,030</u>	 <u>\$ 2,607,526</u>	 <u>\$ 1,563,567</u>	 <u>\$ 1,820,251</u>	 <u>\$ 1,597,968</u>
 Annual debt service	 \$ 890,730	 \$ 890,530	 \$ 899,168	 \$ 893,768	 \$ 890,193
 DSCR with transfers	 2.23	 3.26	 2.85	 2.89	 2.36
DSCR without transfers	1.79	2.93	1.74	2.04	1.80
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating revenues	\$ 7,339,649	\$ 6,954,703	\$ 7,163,344	\$ 7,378,244	\$ 7,599,591
Operating expenses	(6,055,218)	(4,043,997)	(4,124,877)	(4,207,375)	(4,291,523)
Interest earnings	52,549	55,365	55,919	56,478	57,042
Transfer revenues	<u>606,250</u>	<u>338,605</u>	<u>355,536</u>	<u>373,312</u>	<u>391,978</u>
 RADS with transfers	 <u>\$ 1,943,230</u>	 <u>\$ 3,304,676</u>	 <u>\$ 3,449,922</u>	 <u>\$ 3,600,659</u>	 <u>\$ 3,757,088</u>
 RADS without transfers	 <u>\$ 1,336,980</u>	 <u>\$ 2,966,071</u>	 <u>\$ 3,094,386</u>	 <u>\$ 3,227,347</u>	 <u>\$ 3,365,110</u>
 Annual debt service	 \$ 1,056,382	 \$ 1,055,423	 \$ 1,056,023	 \$ 1,055,623	 \$ 1,054,223
 DSCR with transfers	 1.84	 3.13	 3.27	 3.41	 3.56
DSCR without transfers	1.27	2.81	2.93	3.06	3.19

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Operating Budget of the System

The staff of the System prepares an annual operating budget for the System for management control purposes. The staff of the System uses the cash basis of accounting in its annual operating budget for the System, which is not consistent with the basis of accounting used in the System's financial statements and which is not consistent with generally accepted accounting principles. The System's operating budget does provide for actual anticipated depreciation results for the year budgeted.

Set forth below is a summary of the City's operating budget for its Water and Sewer Revenue Fund for the fiscal year ending December 31, 2020. The budget is based upon certain assumptions and estimates of the City's management regarding future events, transactions, and circumstances. Realizations of the results projected in this budget will depend upon implementation by management of policies and procedures consistent with the assumptions. Accordingly, the actual results achieved could materially vary from those projected in the budget shown.

City of Fort Oglethorpe
Water and Sewer Fund
Fiscal Year Ending December 31, 2021

Reserve Funds	\$ 314,118
Operating revenues	
Customer charges	6,053,370
Tap fees	124,000
Meter installations	4,500
Penalties	79,000
Interest income	35,000
Miscellaneous	38,768
Total operating revenues	\$ 6,648,756
Operating expenses	
Water/sewer administration	\$ 1,146,471
Sewer operations	4,401,705
Sewer lift station maintenance	83,206
Water operations	874,564
Contingencies	15,000
Maintenance and shop	127,810
Total operating expenses	\$ 6,648,756

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Government Format and Principal Officials

Mayor and City Council

The City is governed by a City Council composed of a Mayor and five council members. Members of the City Council are elected from five numbered posts in the City’s single election district. Candidates for City Council must have been a City resident for 12 months prior to the date of election and must designate the post from which election is sought. The members of the City Council serve staggered four-year terms. The Mayor is the chief elected officer of the City. The Mayor presides at all City Council meetings and has the right to take part in deliberations, but cannot vote on any question except in case of a tie. Information regarding the Mayor and current City Council members as of December 31, 2020, is as follows:

<u>Name</u>	<u>Term Expires</u>	<u>Occupation</u>	<u>Years on Council</u>
Earl Gray, <i>Mayor</i>	December 31, 2023	Retail - Retired	10 years
Craig Crawford	December 31, 2021	Plumber	7 years
Derek Rogers	December 31, 2023	Web Design	6 years
Jim Childs	December 31, 2021	Retired	5 years
Paula Stinnett	December 31, 2021	Teacher	7 years
Rhonda James	December 31, 2023	Finance - Retired	6 years

City Officials

The City Council appoints a City Manager. The City Manager is the chief executive and administrative officer of the City and has the responsibilities and duties, among other things, to (i) generally appoint and remove all City employees and administrative officers, (ii) direct and supervise all departments and divisions of the City, (iii) enforce all laws and ordinances of the City, and (iv) prepare and submit an annual operating budget to the City Council. Currently, the City Manager is Molly F. Huhn. Ms. Huhn was appointed as the City Manager by the City Council and began serving in that position on August 31, 2020. She received an undergraduate degree in Political Science from the University of South Carolina and a law degree from Michigan State University College of Law.

The current Finance Director is Pamela Travillian. Ms. Travillian has served as Finance Director since March 7, 2005. She received a Bachelor’s Degree in Accounting and Finance from the University of North Georgia in 1982 and became a licensed CPA in 1990.

Employee Benefits

The City’s pension plan (the “**Plan**”) is a noncontributory defined benefit pension plan covering all full-time employees. The Plan is administered by the Georgia Municipal Employees Benefits System (“**GMEBS**”), a statewide, multiple-employer type plan. GMEBS handles all administrative and investment functions relative to the Plan. Benefits are fully vested after five years of service.

Participants become eligible to retire at age 55, with 10 years of participation in the Plan or at age 65, with five years of participation in the Plan. Participating employees are not required to contribute to the Plan. The City is required to contribute 100% of the amounts necessary to fund the Plan at an actuarially determined rate. The current rate is 15.95% of annual covered payroll. Benefit provisions are established and amended by the authority of the City’s governing body. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Georgia Municipal Association, Risk Management and Employees Benefit Services, 201 Prior Street, SW, Atlanta, Georgia 30303.

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Employee Benefits (continued)

The City's policy is to contribute the actuarially determined amount as recommended by GMEBS. The board of trustees of GMEBS has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the plan. The annual recommended contribution is the sum of (i) the normal cost; (ii) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1981 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise); and (iii) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

For the fiscal year ended December 31, 2020, the City's annual pension cost was \$497,604, which was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2019 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions include (a) 7.50% investment rate of return, (b) 2.75% projected salary increases, (c) no cost of living adjustment, and (d) no inflation rate adjustment. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and cost methods as a level dollar amount.

The chart below shows the annual pension cost for the current year and the prior four years along with the percentage actually contributed by the City:

Fiscal Year Ended December 31	Annual of Pension Cost ("APC")	Percentage APC Contributed	Net Pension Obligation
2016	\$ 421,942	100%	\$ -
2017	\$ 411,451	100%	\$ -
2018	\$ 383,544	100%	\$ -
2019	\$ 467,200	100%	\$ -
2020	\$ 497,604	100%	\$ -

As of July 1, 2019, the most recent actuarial valuation date, the funded status of the Plan for the last four years was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Actuarial Unfunded/ (Surplus) AAL (UAAL)	Annual Covered Payroll	UALL as a % of Covered Payroll
July 1, 2020	\$ 8,165,055	\$ 10,681,887	\$ 2,516,832	\$ 3,034,938	82.93%
July 1, 2019	\$ 7,803,833	\$ 9,679,470	\$ 1,875,637	\$ 3,078,191	60.93%
July 1, 2018	\$ 7,390,130	\$ 8,945,217	\$ 1,555,087	\$ 3,162,002	49.18%
July 1, 2017	\$ 6,902,725	\$ 7,977,184	\$ 1,074,459	\$ 2,967,249	36.21%
July 1, 2016	\$ 6,395,648	\$ 7,694,132	\$ 1,298,484	\$ 2,908,780	44.64%

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Insurance coverage

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 purchases commercial insurance from State National Insurance for its risk related to the above losses. The risks covered by commercial insurance include general liability, errors and omissions, and property and casualty losses, with a minor deductible payable by the City.

<u>Type</u>	<u>Amount in Force</u>
Property	
Buildings & Business Personal Property	\$ 23,252,173
Electronic Data Processing Equipment	\$ 525,000
Business Income and Extra Expense	\$ 750,000
Contractor's Equipment	\$ 1,060,052
Automobile ACV	85 Units/\$1,000 ded.

<u>Type</u>	<u>Limits of Liability</u>	
	<u>Each Occurrence</u>	<u>Annual Aggregate</u>
Casualty		
Commercial General Liability	\$ 1,000,000	\$ 3,000,000
Law Enforcement	\$ 1,000,000	\$ 3,000,000
Public Entity Employment Related	\$ 1,000,000	\$ 3,000,000
Practices liability	\$ -	\$ -
Public Entity Management Liability	\$ 1,000,000	\$ 3,000,000
Automobile Liability	\$ -	\$ 1,000,000
Employee Benefits Liability	\$ 1,000,000	\$ 3,000,000
Cyber Coverage	\$ 1,000,000	\$ 3,000,000
Excess Liability	\$ 5,000,000	\$ 5,000,000
Crime		
Employee Theft	\$ 250,000	
Excess Theft	\$ 3,000,000	

Settled claims have not exceeded coverage for the past three fiscal years. Deductibles for which the City was responsible amounted to \$4,099, \$12,000, and \$2,059 per year for the same three years, respectively. The City pays unemployment claims to the Georgia Department of Labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

The City also manages its risk of loss related to injuries to employees through the purchase of Bitco commercial workers' compensation insurance. Payment of eligible claims is based on statutory requirements and the City has no deductible in connection with claims paid.

**CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020**

Industry and Employment

Catoosa County - Largest Employers. Set forth below are the largest employers located in Catoosa County as of Third Quarter, 2020 and their type of service. There can be no assurance that any employer listed below will continue to operate at such level. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed.

<u>Employer</u>	<u>Type of Business</u>
CHI Memorial Hospital Georgia	Healthcare
Costco Wholesale	Retail
Five Star Food Service	Restaurant/Food
Food City	Restaurant/Food
Little Ceasers	Restaurant/Food
Lowe's Home Centers, Inc.	Retail
Propex Operating Company, LLC	Manufacturing
Shaw Industries Group, Inc.	Manufacturing
Home Depot	Retail
Walmart	Retail

Source: Georgia Department of Labor

Represents employment covered by unemployment insurance, excluding all government agencies except correctional institutions, state and local hospitals, state colleges, and universities. Employers are listed alphabetically by area, not by the number of employees.

Chattanooga, TN-GA Metro Statistical Area – Largest Employers

Set forth below are the largest employers located in the MSA, their type of service, and their approximate number of employees. There can be no assurance that any employer listed below will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed.

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
Hamilton County Department of Education	School System	4,980
BlueCross BlueShield of TN	Health Care Financing	4,855
Erlanger Health System	Health Care	4,852
CHI Memorial Healthcare Systems	Health Care	3,549
Tennessee Valley Authority	Utility-Electric Service	3,431
Volkswagen Chattanooga	Auto Manufacturing	2,982
McKee Foods Corp	Mfr. Cakes & Cookies	2,928
Unum	Insurance	2,800
Amazon.com Services	Distribution Center	2,518

Source: Chattanooga Chamber of Commerce website, www.chattanooga-chamber.com, as of December 31, 2020.

Economic Sector Distribution

The following table shows the annual average percentage of persons who worked in each major sector of the local economy in Catoosa County for the third quarter of 2020. Figures are based on employees covered under the State unemployment insurance program.

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

Industry	Employment Distribution 3rd Quarter 2020
Agriculture, Forestry, Fishing and Hunting	0.2
Construction	4.6
Manufacturing	10.8
Wholesale Trade	2.4
Retail Trade	23.9
Transportation and Warehousing	2.7
Information	0.3
Finance and Insurance	2.9
Real Estate and Rental and Leasing	1.8
Professional , Scientific, & Technical Services	1.3
Management of Companies and Enterprises	*
Admin, Support, Waste Mgmt., Remediation	1.4
Education Services	0.1
Health Care and Social Assistance	10.4
Arts, Entertainment, and Recreation	1.5
Accommodation and Food Services	13.3
Other Services and Industries	3.6
Federal, State, and Local Government	<u>17.8</u>
Total	<u>100%</u>

Source: State of Georgia, Department of Labor, Labor Information Systems. Data represents jobs that are covered by unemployment insurance laws.

* Denotes confidential data relating to individual employers and cannot be released.

Civilian employment statistics of Catoosa County

Employment includes nonagricultural wage and salary employment, self-employed, unpaid family and private household workers, and agricultural workers. Persons in labor disputes are counted as employed. The use of rounded data does not imply that the numbers are exact. U.S. estimates are unadjusted.

	2016	2017	2018	2019	2020
Employment	30,836	32,136	32,471	32,279	31,900
Unemployment	<u>1,525</u>	<u>1,216</u>	<u>1,112</u>	<u>902</u>	<u>1,132</u>
Total	<u>32,361</u>	<u>33,352</u>	<u>33,583</u>	<u>33,181</u>	<u>33,032</u>
County Unemployment Rate	4.7%	3.6%	3.3%	2.7%	3.4%
State Unemployment Rate	5.4%	4.4%	3.8%	3.2%	5.6%
U.S. Unemployment Rate	4.7%	4.1%	3.9%	3.5%	6.7%

Source: State of Georgia, Department of Labor, Labor Information Systems, and U.S. Department of Labor, Bureau of Labor Statistics.

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2020

County Special Purpose Local Option Sales Tax

From time to time, the City is a party to intergovernmental agreements that entitle it to receive a portion of a one percent special purpose county sales and use tax (“**SPLOST**”) that is imposed from time to time in Catoosa County and Walker County pursuant to Title 48, Chapter 8, Article 110 of the Official Code of Georgia Annotated, as amended. The City has been a party to previous SPLOST intergovernmental agreements with Catoosa County dated February 12, 1998, April 7, 2003, June 17, 2008, February 11, 2013, and May 22, 2018. The City has been a party to SPLOST intergovernmental agreements with Walker County dated April 27, 1993, January 1, 1998, September 30, 2003, May 1, 2008, September 5, 2013, and February 10, 2020. SPLOST revenues must be used for capital outlay projects that are described in the intergovernmental agreements.

On May 22, 2018, the City entered the current intergovernmental agreement with Catoosa County, the City of Ringgold, and the Catoosa Utility District Authority (the “**2019 SPLOST Agreement**”), which agreement anticipates the County raising \$60,000,000 in SPLOST proceeds over a five-year period beginning July 1, 2019, with approximately \$7,800,000 (13%) being apportioned to the City as its share. The 2019 SPLOST Agreement listed the following projects for the City as related to the System:

Construction, replacement, improvement and expansion of capital outlay projects in the City of Fort Oglethorpe for sewer, street, storm water, water or other capital outlay projects, as well as appurtenances thereto; motor vehicles and equipment for fire, police, public works and code enforcement; acquisition, construction improvement and expansion of buildings, grounds and renovations; Global Information Systems work stations, including software and mapping; construction, improvement and expansion of West Chickamauga Creek sewer interceptor system; recreation improvements and enhancements; downtown enhancements, including sidewalks, construction, replacement, and renovation of public buildings and structures; land and equipment acquisitions including communications equipment; legal services, engineering studies, and services for design and construction of such improvements and projects as well as easement and land acquisition for the benefit of the citizens of Catoosa County in the projected goal amount of \$7,800,000.

The 2019 SPLOST Agreement also provides that the City’s portion of projected SPLOST proceeds may also be used towards retiring the Series 2014 Bonds and bonds that refund the 2014 Bonds, such as the 2019 Bonds. If more than \$60,000,000 is collected pursuant to the SPLOST, the City will be allocated an amount equal to 13% of the SPLOST revenue collections above \$60,000,000. Any such additional revenue must be used by the City for the purposes described above.

Special local option sales tax

Although SPLOST proceeds are not directly pledged for the payment of the Bonds, the City intends to utilize SPLOST revenues collected pursuant to the 2019 SPLOST Agreement, together with revenues of the System to pay the principal and interest associated with the Bonds.

**CITY OF FORT OGLETHORPE, GEORGIA
 STATISTICAL SECTION
 DECEMBER 31, 2020**

Special local option sales tax (continued)

The following table shows the history of SPLOST revenue collected by the City:

**City of Fort Oglethorpe, Georgia
 Special Local Option Sales Tax Monthly Collection History
 Fiscal Years Ended December 31**

<u>Month</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
January	\$ 112,525	\$ 113,951	\$ 114,733	\$ 120,977	\$ 139,828
February	83,262	88,248	91,592	104,404	113,623
March	90,378	86,669	85,662	99,888	120,795
April	98,376	96,469	111,906	114,731	124,628
May	92,736	94,207	100,029	114,306	125,101
June	94,058	99,078	106,376	115,885	142,684
July	101,155	102,679	109,538	116,046	134,442
August	96,293	105,284	107,612	123,421	130,823
September	96,726	100,669	106,186	127,353	278,905
October	85,333	100,453	103,520	125,866	131,050
November	93,274	97,414	110,714	124,414	155,956
December	96,204	100,775	109,801	127,298	134,979
	<u>\$ 1,140,320</u>	<u>\$ 1,185,896</u>	<u>\$ 1,257,669</u>	<u>\$ 1,414,589</u>	<u>\$ 1,732,814</u>

INTERNAL CONTROL AND COMPLIANCE SECTION



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

**To the Mayor and City Council
City of Fort Oglethorpe, 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Oglethorpe, Georgia as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Fort Oglethorpe, Georgia’s basic financial statements, and have issued our report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fort Oglethorpe, Georgia’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fort Oglethorpe, Georgia’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fort Oglethorpe, 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 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses costs as items 2020-001, 2020-002, and 2020-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fort Oglethorpe, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Fort Oglethorpe, Georgia's Response to Findings

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

Purpose of this Report

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. The 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.

Johnson, Wickey & Meucham, P.C.

Chattanooga, Tennessee
June 30, 2021

**CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020**

FINANCIAL STATEMENT AUDIT

Current Year Findings

2020-001 Inadequate Controls Over Permits

Condition

Audit tests revealed inadequate controls surrounding the permits process. Audit tests revealed a break in the numbering sequence for permits, deleted permits, and duplicate permit numbers.

Criteria

Controls should be in place to ensure proper accounting for permits.

Effect

The City could be losing revenue by not developing and following adequate internal controls.

Recommendation

Controls should be in place that ensures all permits are input in the permit system. Permits should not be deleted in the system. Any permits that are voided should have appropriate approval by the City Building Official. Monthly reconciliations should be performed from the accounting package and the actual receipts.

Views of Responsible Officials

City staff is no longer deleting permits that are not paid for or are not picked up. Any permits that need to be voided shall be appropriately approved by the Building Official and documented in the City's software permitting system, iWorQ. The City's current software permitting system, iWorQ, is experiencing malfunctions wherein numbering sequences are broken or permits are duplicated. This is not due to staff error. Therefore, the City is actively researching alternative software options that may better handle the permitting process.

2020-002 Water Sewer Inventory

Condition

Audit tests revealed that the Public Utilities Department inventory is being accounted for but not recorded in the general ledger. This resulted in a prior period adjustment as noted in Note 14.

Criteria

Controls should be in place to ensure proper accounting and recording of the Public Utilities Department inventory.

Effect

The City could incur unnecessary costs by not tracking water sewer inventory.

Recommendation

Controls should be in place that ensures all water sewer inventory is properly accounted for and recorded to the general ledger. A physical count of the water sewer inventory should be performed and reconciled to the general ledger.

**CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020**

Current Year Findings (continued)

2020-002 Water Sewer Inventory (continued)

Views of Responsible Officials

Water and sewer inventory is currently accounted for and an up-to-date count is maintained by the Public Utilities Department in the City's software/workorder/inventory management system. This process will continue to occur. The Finance Department will begin to perform an annual, physical hand count, with the inventory being recorded to the general ledger by the Finance Department.

**2020-003 Inadequate Controls Over Business Licenses
(Original Finding 2019-001)**

Condition

Audit tests revealed inadequate controls surrounding the business license process. Audit tests revealed that business licenses can be voided or changed with no approval.

Criteria

Controls should be in place to ensure that business licenses cannot be voided or changed without proper approval.

Effect

The City could be losing revenue by not developing and following adequate internal controls.

Recommendation

Controls should be in place that ensures that any voids or changes to business licenses should be approved by the Public Utilities Director.

Views of Responsible Officials

The Business License Clerk receives the payments from licensees and processes returns if overpayments are made. The clerk processes adjustments in the software system, Caselle, if overpayments are made. These adjustments shall be approved in writing by the Public Utilities Director. The adjustment shall show the tax return details of the adjustment made. This form, once signed, will be maintained in the physical file according to the retention period and scanned into the Caselle document management system for that particular licensee.

Prior Year Findings

2020-003 Inadequate Controls Over Business Licenses (Original Finding 2019-001)

Condition

Audit tests revealed inadequate controls surrounding the business license process. Audit tests revealed that business licenses are not being entered timely in the business license module of the accounting software package with some businesses not being entered at all. There is no process to follow-up for non-payment. When customers do pay late, they are not always being charged interest and penalty. Auditors also discovered that timely deposits are not being made for the receipt of business licenses and that actual receipts are not being reconciled to reports from the accounting software package. This has been corrected for the year ended December 31, 2020. Also included in the original finding 2019-001, audit tests revealed that business licenses can be voided or changed with no approval. This portion of the finding has not been corrected for the year ended December 31, 2020 as described in the current year findings.



Home of the
Sixth Cavalry

Mayor
EARL GRAY

Council Members

PAULA STINNETT
Mayor Pro Team

CRAIG CRAWFORD

DEREK ROGERS

JIM CHILDS

RHONDA JAMES

MOLLY F. HUHNS
City Manager

ROBERT L. STULTZ
City Attorney

WINSTON WEBB
City Judge

Gateway to
Chickamauga-Chattanooga
National Military Park
Chickamauga Battlefield

City of Fort Oglethorpe

P.O. Drawer 5509
Fort Oglethorpe, Georgia 30742
Telephone 706-866-2544
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June 24, 2021

State of Georgia
Department of Audits and Accounts
270 Washington Street, SW Suite 1-156
Atlanta, Georgia 30334-8400

RE: Corrective Action Plan FYE: December 31, 2020

To the State of Georgia:

Enclosed please find below our responses and corrective action plans for the findings identified in our audit report for the fiscal year indicated above.

2020-001 Inadequate Controls Over Permits

Condition

Audit tests revealed inadequate controls surrounding the permits process. Audit tests revealed a break in the numbering sequence for permits, deleted permits, and duplicate permit numbers.

Recommendation

Controls should be in place that ensures all permits are input in the permit system. Permits should not be deleted in the system. Any permits that are voided should have appropriate approval by the City Building Official. Monthly reconciliations should be performed from the accounting package and the actual receipts.

Views of Responsible Officials

The City of Fort Oglethorpe concurs with this finding.

Corrective Action Plan

City staff is no longer deleting permits that are not paid for or are not picked up. Any permits that need to be voided shall be appropriately approved by the Building Official and documented in the City's software permitting system, iWorQ. The City's current software permitting system, iWorQ, is experiencing malfunctions wherein numbering sequences are broken or permits are duplicated. This is not due to staff error. Therefore, the City is actively researching alternative permitting software options.

2020-002 Water Sewer Inventory

Condition

Audit tests revealed that the Public Utilities Department inventory is being accounted for but not recorded in the general ledger. This resulted in a prior period adjustment as noted in Note 14.

Recommendation

Controls should be in place that ensures all water and sewer inventory is properly accounted for in the City's software/workorder/inventory management system, iWorQ. However, the inventory is not being recorded to the general ledger. A physical count of the water sewer inventory should be performed and reconciled to the general ledger.

Views of Responsible Officials

The City of Fort Oglethorpe concurs with this finding.

Corrective Action Plan

Water and sewer inventory is currently accounted for and an up-to-date count is maintained by the Public Utilities Department in the City's software/workorder/inventory management system. This process will continue to occur. The Finance Department shall begin to perform an annual, physical hand count, with the inventory being recorded to the general ledger by the Finance Department.

2020-003 Inadequate Controls Over Business Licenses (Original Finding 2019-001)

Condition

Audit tests revealed inadequate controls surrounding the business license process. Audit tests revealed that business licenses can be voided or changed with no approval.

Recommendation

Controls should be in place that ensures that any voids or changes to business licenses should be approved by the Public Utilities Director.

Views of Responsible Officials

The City of Fort Oglethorpe concurs with this finding.

Corrective Action Plan

The Business License Clerk receives the payments from licensees and processes returns if overpayments are made. The clerk processes adjustments in the software system, Caselle, if overpayments are made. These adjustments shall be approved in writing by the Public Utilities Director. The adjustment form shall show the tax return details of the adjustment made. This form, once signed, will be maintained in the physical file according to retention period and scanned into the Caselle document management system for that particular licensee.

Department Expenditures Over Budget

Management Response/Corrective Action Plan

The City of Fort Oglethorpe concurs with this finding. The Finance Director will work closely with department directors and will monitor Council actions to determine when to add assets to the general ledger if and when they are donated to the City.

If you have any questions about these matters, please contact me at 706.866.2544 or at mhuhn@fortoglethorpega.gov.

Kind regards,

A handwritten signature in blue ink, appearing to read "Molly F. Huhn", with a long horizontal flourish extending to the right.

Molly F. Huhn
City Manager

**SPECIAL LOCAL OPTION
SALES TAX**



**INDEPENDENT AUDITORS' REPORT ON
SPECIAL 1 PERCENT SALES AND USE TAX**

**To the Mayor and City Council
City of Fort Oglethorpe, Georgia**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Fort Oglethorpe, Georgia for the year ended December 31, 2020, and have issued our report thereon dated June 30, 2021. We have also audited the accompanying schedule of the City's projects constructed with special local option sales tax funds, for the year ended December 31, 2020. This schedule is the responsibility of the management of the City. Our responsibility is to express an opinion on the schedule based on our audit.

Specific projects allowed to be expended with Catoosa County funds have been identified in resolutions dated February 6, 2018, which approved the intergovernmental agreements allowing the imposition of the special sales and use tax authorized by Section 48-8-110 OCGA. Specific projects allowed to be expended with Walker County funds have been identified in intergovernmental agreements dated October 1, 2008, and August 1, 2013 which approved the imposition of the special sales and use tax authorized by Section 48-8-110 OCGA.

We conducted our audit of the schedule in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of the City's projects constructed with special local option sales tax funds are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of the City's projects constructed with special local option sales tax funds, as referred to above, presents fairly, in all material respects, the amounts of projects constructed with proceeds from the City's allocation of special local option sales tax for the year ended December 31, 2020, on the modified accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Mayor, City Council, management, others within the organization, and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Hickey & Murchison, P.C.

June 30, 2021
Chattanooga, Tennessee

2215 Olan Mills Drive	jhmcpa.com	37421	423 756 0052 t
Chattanooga, Tennessee	84		423 267 5945 f

**CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
YEAR ENDED DECEMBER 31, 2020**

Project	Original	Current	Expenditures			Percentage	Cumulative
	Estimated Cost	Estimated Cost	Prior Years	Current Year	Total	Of Completion	Other Funding
<u>Catoosa County</u>							
2019 Cycle							
Debt reduction sewer bonds	\$ 2,728,125	\$ 2,728,125	\$ -	\$ 606,250	\$ 606,250	22%	-
Capital improvements	2,891,875	2,891,875	58,601	104,568	163,169	6%	4,826
Vehicles	500,000	500,000	-	119,968	119,968	24%	-
Equipment	180,000	180,000	-	113,811	113,811	63%	-
Sewer projects	1,500,000	1,500,000	-	-	-	0%	-
<u>Walker County</u>							
2008 Cycle							
Street, bridge, and sidewalk improvements, equipment, and other capital projects	148,500	175,672	75,590	-	75,590	43%	-
Public safety equipment	-	20,748	20,748	-	20,748	100%	-
2013 Cycle							
Street, bridge, and sidewalk improvements, equipment, and other capital projects	74,871	74,871	66,516	13,152	79,668	106%	4,995
	<u>\$ 8,023,371</u>	<u>\$ 8,071,291</u>	<u>\$ 221,455</u>	<u>\$ 957,749</u>	<u>\$ 1,179,204</u>		

Reconciliation of current year expenditures

Total capital projects expenditures	\$ 351,499
Capital projects for water and sewer fund	<u>606,250</u>
	<u>\$ 957,749</u>



**INDEPENDENT AUDITORS' REPORT ON
SPECIAL 1 PERCENT TRANSPORTATION SALES AND USE TAX**

**To the Mayor and City Council
City of Fort Oglethorpe, Georgia**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Fort Oglethorpe, Georgia for the year ended December 31, 2020, and have issued our report thereon dated June 30, 2021. We have also audited the accompanying schedule of the City's projects constructed with transportation special local option sales tax funds, for the year ended December 31, 2020. This schedule is the responsibility of the management of the City. Our responsibility is to express an opinion on the schedule based on our audit.

Specific projects allowed to be expended with Walker County funds have been identified in a resolution dated August 24, 2017, which approved the intergovernmental agreements allowing the imposition of the transportation special sales and use tax authorized by Section 48-8-110 OCGA.

We conducted our audit of the schedule in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of the City's projects constructed with transportation special local option sales tax funds are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of the City's projects constructed with transportation special local option sales tax funds, as referred to above, presents fairly, in all material respects, the amounts of projects constructed with proceeds from the City's allocation of transportation special local option sales tax for the year ended December 31, 2020, on the modified accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Mayor, City Council, management, others within the organization, and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Hickey & Murchison, P.C.

June 30, 2021
Chattanooga, Tennessee

2215 Olan Mills Drive	jhmcpa.com	37421	423 756 0052 t
Chattanooga, Tennessee	86		423 267 5945 f

**CITY OF FORT OGLETHORPE, GEORGIA
 SCHEDULE OF PROJECTS CONSTRUCTED
 WITH TRANSPORTATION SPECIAL SALES TAX PROCEEDS
 YEAR ENDED DECEMBER 31, 2020**

<u>Project</u>	Original	<u>Expenditures</u>			Percentage Of Completion
	Estimated Cost	Prior Years	Current Year	Total	
<u>Walker County</u>					
2018 Cycle					
Paving streets	\$ 97,500	\$ -	\$ -	\$ -	0%
	<u>\$ 97,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	