

CITY OF PINE LAKE, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

JAMES L. WHITAKER, P.C.

CERTIFIED PUBLIC ACCOUNTANT

SNELLVILLE, GEORGIA 30078

**CITY OF PINE LAKE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - McAllister Environmental Fund	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - ARPA Fund	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Statement of Cash Flows - Reconciliation of Operating Income to Net Cash Provided by Operating Activities	25
Notes to the Financial Statements	26-44
Individual Fund Financial Statements:	
Grant Fund -	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Length Budget (GAAP Basis) and Actual	45
Revenue Bond Fund -	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	46
Capital Projects Fund -	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	47
SPLOST Capital Projects Fund -	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Length Budget (GAAP Basis) and Actual	48

JAMES L. WHITAKER, P.C.

Certified Public Accountant
2295 Henry Clower Blvd., Suite 205
Snellville, Georgia 30078
Telephone: 678-205-4438
Fax: 678-205-4449

Member of
The American Institute of
Certified Public Accountants

Member of
Georgia Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
City of Pine Lake, Georgia

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit and each major fund of the City of Pine Lake, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Pine Lake, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit and each major fund of the City of Pine Lake, Georgia, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the McAllister Environmental Fund and ARPA Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Pine Lake, Georgia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Pine Lake, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pine Lake, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pine Lake, Georgia's basic financial statements. The accompanying individual fund budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Pine Lake, Georgia's basic financial statements for the year ended December 31, 2021, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, discretely presented component unit and each major fund. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pine Lake, Georgia's basic financial statements as a whole. The individual fund financial statements related to the 2021 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2021 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of the City of Pine Lake, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Pine Lake, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Pine Lake, Georgia's internal control over financial reporting and compliance.



Snellville, Georgia
December 12, 2023

CITY OF PINE LAKE MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Pine Lake, we offer readers of the City of Pine Lake's financial statements this narrative overview and analysis of the financial activities of the City of Pine Lake for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented in this analysis with their review of the financial statements.

Financial Highlights

- The assets of the City of Pine Lake exceeded its liabilities on December 31, 2022 by \$3,474,953. Of this amount unrestricted net position of \$767,099 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net position increased by \$105,383. Of this amount an increase of \$92,797 was associated with governmental activities and an increase of \$12,586 was associated with business-type activities.
- As of the close of the current fiscal year, the City of Pine Lake's governmental funds reported combined ending fund balances of \$1,240,294 an increase of \$29,032 in comparison with the prior year's fund balances. Of this amount \$574,405 is restricted for capital projects specified in the revenue bond ordinance, SPLOST referendum and intergovernmental agreements; \$86,453 is restricted for environmental projects; \$1,331 is restricted for specified grants; \$3,440 is restricted for police activities; \$46,786 is assigned for the 2023's budget; and \$10,795 is non-spendable and in the form of prepaid expenses and the City had an unassigned fund balance of \$517,084.
- The City of Pine Lake's total debt obligations consisted of the DDA's 2009 revenue bonds in the amount of \$398,471. The City made \$56,789 in principal payments during 2022 while no additional borrowings were incurred.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (For example, stormwater fees are recognized as income when they are billed but the payments will be received in the future. Expenses are recognized when incurred but may be paid sometime in the future.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Pine Lake include general government, courts, law enforcement, public works and parks and recreation. The business-type activity of the City is Stormwater management.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting for reporting purposes to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Pine Lake can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains seven major governmental funds. The City's major governmental funds are the General Fund, the McAllister Environmental Fund, the ARPA Fund, Revenue Bond Fund, Capital Projects Fund, SPLOST Fund and the Grant Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each major fund. The governmental funds financial statements begin on page 15.

The City of Pine Lake adopts an annual budget for its General Fund and the McAllister Environmental and ARPA Special Revenue Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the FY 22 budget. The budgetary comparison statements begin on page 19.

Proprietary funds. The City of Pine Lake maintains one enterprise fund (a component of proprietary funds) to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Stormwater Utility.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Stormwater Utility beginning on page 22.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain other supplementary information which consists of individual fund budgetary schedules beginning on page 45.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. On December 31, 2022, the City's assets exceeded its liabilities by \$3,474,953, largely due to a large investment into capital assets of \$2,042,225 or 58.7%. Capital assets are used to provide services to citizens, and they are not available for future spending. Of the total net position of \$3,474,953, \$665,629 (19.2 percent) is restricted for environmental, police activities, specified grant projects and capital outlay purposes. The City had unrestricted net position of \$767,099 or 22.1%.

City of Pine Lake's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 1,696,282	\$ 1,907,495	\$ 143,345	\$ 128,680	\$ 1,839,627	\$ 2,036,175
Capital assets	<u>2,392,698</u>	<u>1,971,212</u>	<u>47,998</u>	<u>49,748</u>	<u>2,440,696</u>	<u>2,020,960</u>
Total assets	<u>4,088,980</u>	<u>3,878,707</u>	<u>191,343</u>	<u>178,428</u>	<u>4,280,323</u>	<u>4,057,135</u>
Current liabilities	406,378	91,328	521	192	406,899	91,520
Long-term liabilities	<u>398,471</u>	<u>455,260</u>	<u>-</u>	<u>-</u>	<u>398,471</u>	<u>455,260</u>
Total liabilities	<u>804,849</u>	<u>546,588</u>	<u>521</u>	<u>192</u>	<u>805,370</u>	<u>546,780</u>
Net position:						
Net investment in capital assets	1,994,227	1,971,212	47,998	49,748	2,042,225	2,020,960
Restricted	665,629	600,744	-	-	665,629	600,744
Unrestricted	<u>624,275</u>	<u>619,378</u>	<u>142,824</u>	<u>128,488</u>	<u>767,099</u>	<u>747,866</u>
Total net position, adjusted	<u>\$ 3,284,131</u>	<u>\$ 3,191,334</u>	<u>\$ 190,822</u>	<u>\$ 178,236</u>	<u>\$ 3,474,953</u>	<u>\$ 3,369,570</u>

A portion of the net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of \$767,099 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Pine Lake is able to report positive balances in all three categories of net position.

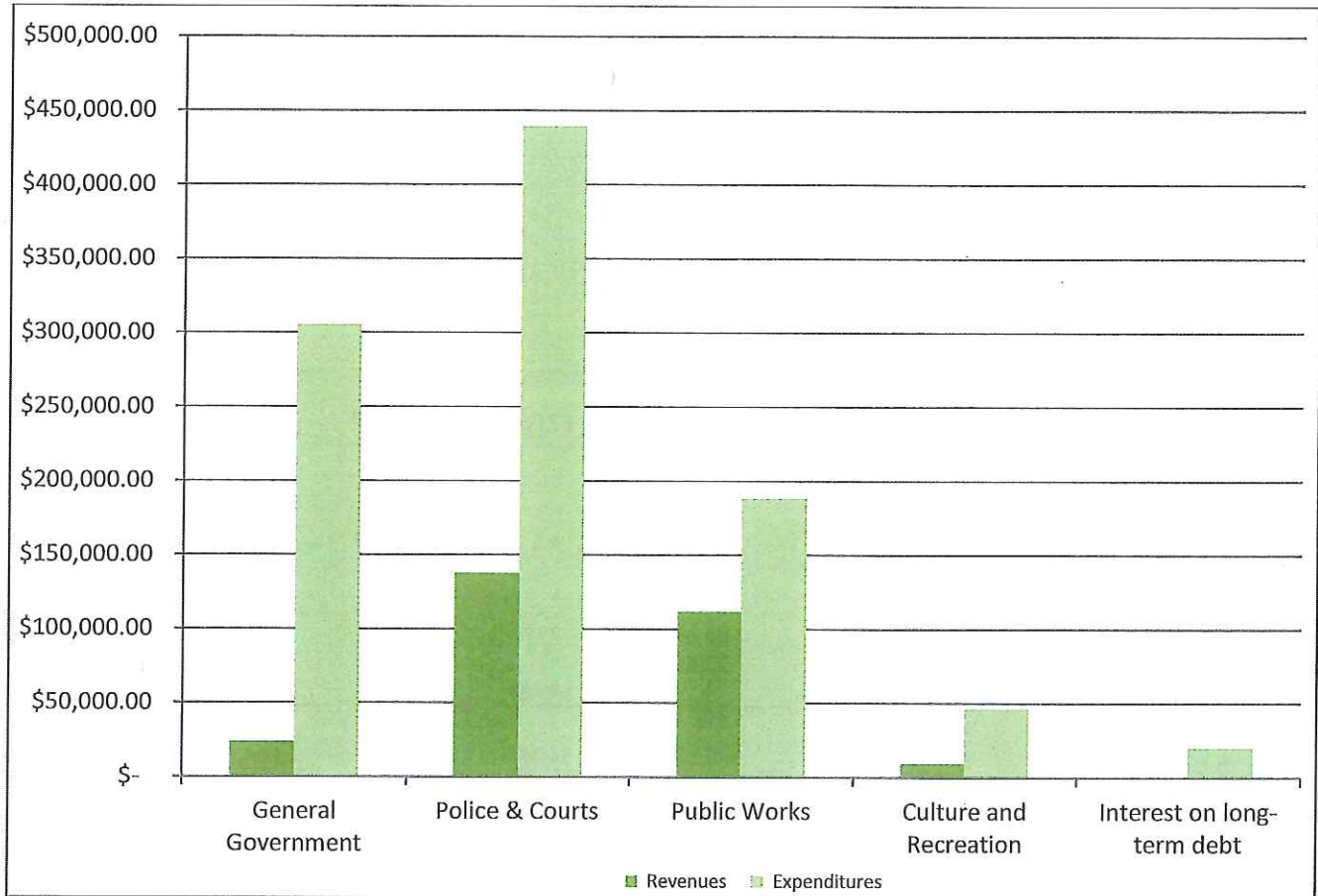
Governmental activities. Governmental activities increased the City's net position by \$92,797 or 2.7%. Key elements of this increase are as follows:

**City of Pine Lake's Change in Net Position
For The Years Ended December 31, 2022 and 2021**

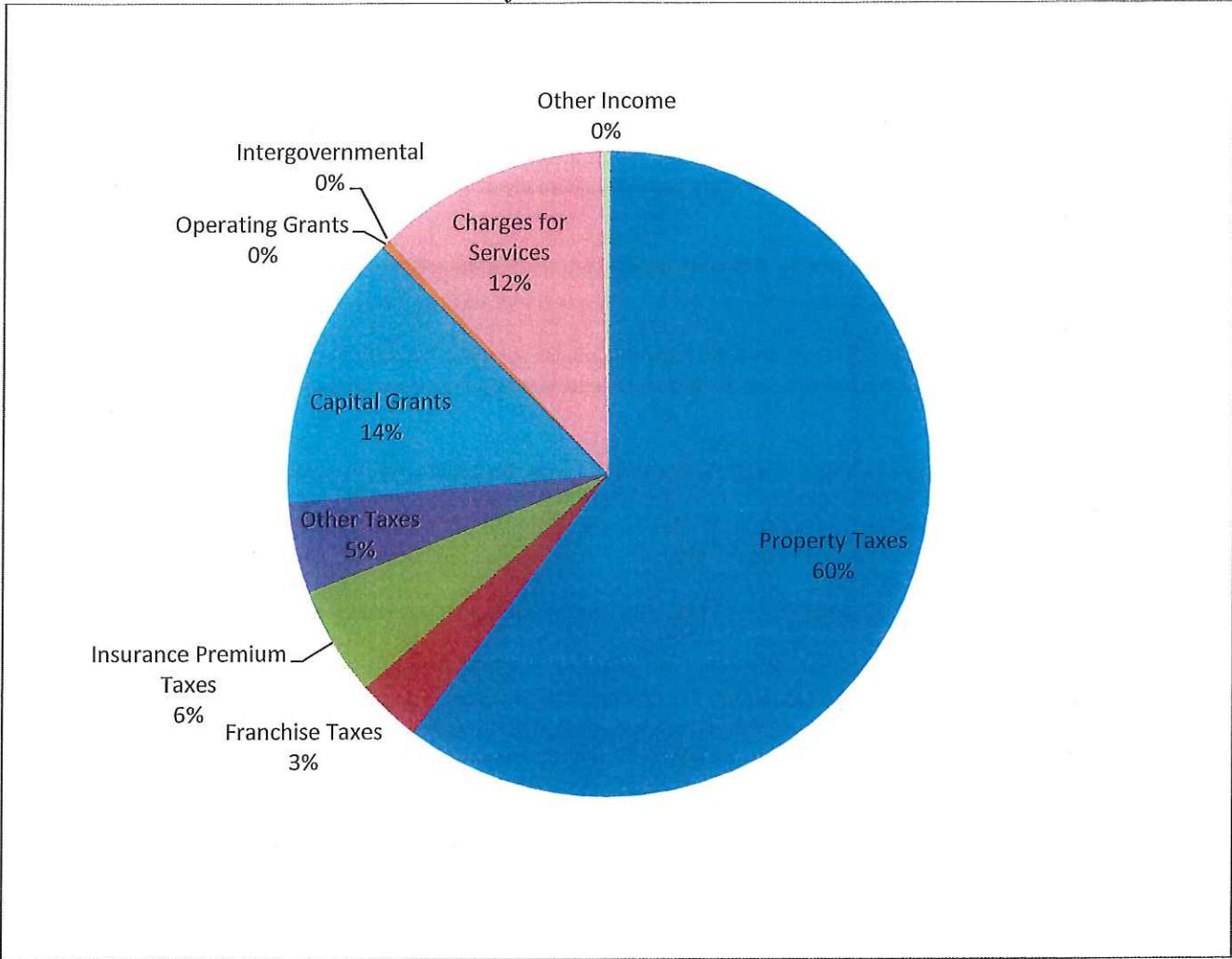
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues -						
Charges for services	\$ 127,139	\$ 130,744	\$ 67,058	\$ 65,958	\$ 194,197	\$ 196,702
Operating grants and contributions	5,000	14,241	-	-	5,000	14,241
Capital grants and contributions	150,859	128,638	-	-	150,859	128,638
General Revenues-						
Property taxes	658,550	610,807	-	-	658,550	610,807
Franchise taxes	35,900	34,334	-	-	35,900	34,334
Insurance premium taxes	60,064	60,464	-	-	60,064	60,464
Other taxes	49,838	56,099	-	-	49,838	56,099
Intergovernmental	-	-	-	-	-	-
Interest	1,621	1,097	9	-	1,630	1,097
Other	3,382	32,963	-	-	3,382	32,963
	<u>1,092,353</u>	<u>1,069,387</u>	<u>67,067</u>	<u>65,958</u>	<u>1,159,420</u>	<u>1,135,345</u>
Expenses:						
General government	305,267	284,296	-	-	305,267	284,296
Police and courts	439,484	419,075	-	-	439,484	419,075
Public works	188,275	207,493	-	-	188,275	207,493
Culture and recreation	46,536	44,031	-	-	46,536	44,031
Interest on long-term debt	19,994	22,691	-	-	19,994	22,691
Stormwater	-	-	54,481	84,266	54,481	84,266
	<u>999,556</u>	<u>977,586</u>	<u>54,481</u>	<u>84,266</u>	<u>1,054,037</u>	<u>1,061,852</u>
Increase (decrease) in net position before transfers	92,797	91,801	12,586	(18,308)	105,383	73,493
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	92,797	91,801	12,586	(18,308)	105,383	73,493
Net position - beginning, adjusted	<u>3,191,334</u>	<u>3,099,533</u>	<u>178,236</u>	<u>196,544</u>	<u>3,369,570</u>	<u>3,296,077</u>
Net position - ending	<u>\$ 3,284,131</u>	<u>\$ 3,191,334</u>	<u>\$ 190,822</u>	<u>\$ 178,236</u>	<u>\$ 3,474,953</u>	<u>\$ 3,369,570</u>

- Total revenues from Governmental Activities increased by \$22,966 (or 2.2%) in 2022. The increase is due, primarily, to increased property tax revenue of approximately \$47,473 (an increase of over 7.9%), increase in capital operating grants and contributions of \$22,221 (SPLOST funds) and offsetting decreases in operating grant and contributions in the amount of \$9,241 (due to funding of \$14,241 received in 2021 and a \$5,000 Georgia Power grant in 2022) and other revenue in the amount of \$29,581..
- The total cost of Governmental Activities increased approximately \$21,970 from \$977,586 for 2021 to \$999,556 for 2022. This is due, primarily, to an increase in General Government expense of \$20,971 (7.4%) and Police and Courts expense of \$20,409 (4.9%) with an offsetting decrease in Public Works of \$19,218 (9.3%). Increases in General Government and Police and Court expenses were primarily due to changes in personnel scenario with the establishment of a full-time City Administrator and the implementation of a part-time and a contracted court clerk.

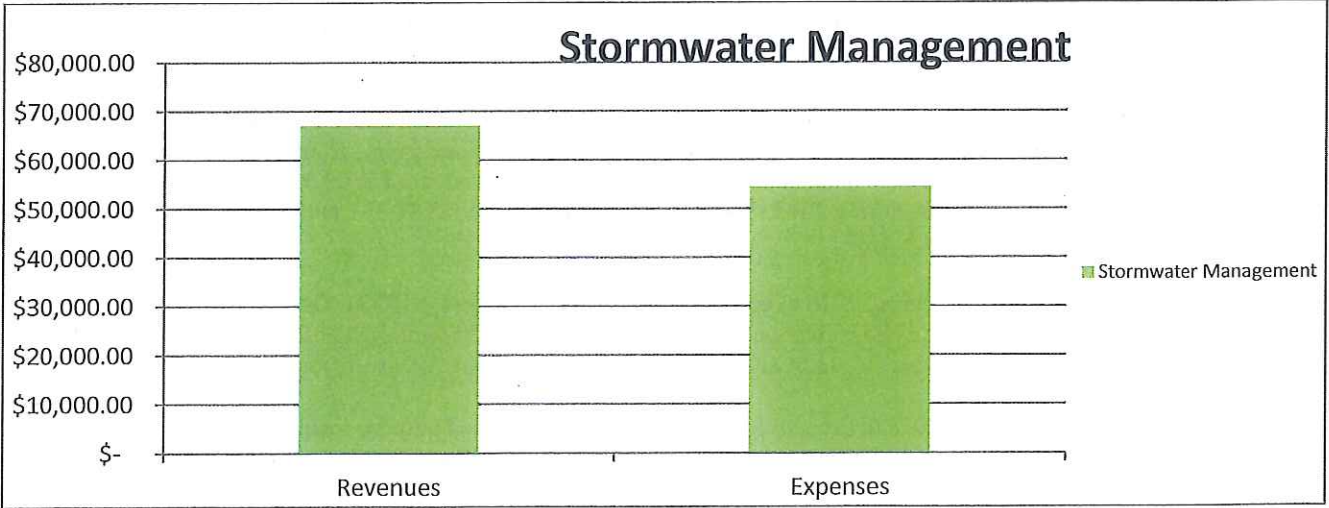
Expenses and Program Revenues-Governmental Activities



Revenue by Source-Governmental Activities



Business-type activities: The stormwater utility received \$67,058 from impervious surface fees in 2022. Stormwater revenues are used to help finance stormwater system improvements, state mandated testing and reporting and normal operations of the system. Stormwater reported an operating income for the year of \$12,577 due to the expense incurred for system erosion and sedimentation control inspections, required sampling, and necessary system audit and reporting.



Financial Analysis of the Government's Funds

As noted earlier, the City of Pine Lake used fund accounting for reporting purposes to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The purpose 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, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

On December 31, 2022 the City's governmental funds reported combined ending fund balances of \$1,240,294. Of this amount, the City had an unassigned fund balance of \$517,084. The remainder of fund balance is restricted to indicate that it is not available for new spending because \$574,405 is restricted for capital projects under the bond issue, SPLOST program and intergovernmental agreements; \$86,453 is restricted for environmental purposes; \$3,440 is restricted for police activities; \$1,331 for specified grants; \$46,786 is assigned to the 2023 budget; and \$10,795 is non-spendable and in the form of prepaid expenses.

The General Fund is the City's chief operating fund. At the end of Fiscal Year 2022, the General Fund had an unassigned fund balance of \$517,084 while the total fund balance totaled \$578,105. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 54.7% of the total general fund expenditures, while total fund balance represents 61.1% of that same amount.

At the conclusion of Fiscal year 2022, the fund balance of the City's general fund decreased by \$45,853.

General Fund revenues decreased approximately \$43,429 due, primarily, to decreased tax revenue in the amount of \$27,605 (3.6%), decreased fines and forfeitures in the amount of \$12,390 (14.9%), decrease in intergovernmental grants of \$14,241 and offsetting increases in licenses and permits and rental income totaling \$8,034. Although there was an increase in property tax valuation, the millage rate was reduced and there was \$60,722 in property tax receivable December 31, 2022. General Fund expenditures increased from 2021 by approximately \$43,939, primarily in General Government and Police functions.

The McAllister Environmental Special Revenue Fund is used to account for the bequest of Dr. Ann Dunn McAllister. The bequest received during 2010 of \$115,500 is to be used to support work for the growth and preservation of the natural environment as a bird-friendly habitat. This fund had a capital outlay transaction of \$7,525 in 2022 relative to bird habitat improvements at the beachfront on Lakeshore Drive.

The ARPA Fund – was created during 2022 to account for the City's portion of grant funds received under the American Rescue Plan Act. These monies can only be used for specified purposes allowed under the grant agreement. The City has received \$281,570 under the grant agreement and has not spent any of the grant award as of December 31, 2022. The grant is recognized as revenue is spent and is reported as deferred revenue until such time.

The Revenue Bond Capital Project Fund was created during 2010 to properly account for the proceeds from the 2009 Downtown Development Authority revenue bonds. The City created this fund during 2010 by transferring the remaining related assets as of December 31, 2009 of \$684,784 to the fund. This fund had no significant transactions during 2022.

The Grant Capital Project Fund was created during 2013 to account for the proceeds from federal and state grants and other financial assistance that are to be used for capital improvements. The City received grants from DeKalb County in the amount of \$810,000 and from the Georgia Environmental Finance Authority in the amount of \$687,500 for improvements to Snapfinger Creek and other related projects during 2012. There is an existing balance of \$1,331 in this fund, No significant transactions occurred in this fund during the 2022.

The Capital Projects Fund was created during 2016 to account for the proceeds from the HOST Tax and other sources that are to be used for capital projects. The fund had capital outlay transactions of \$19,850 during 2022 for improvements to the beach ramp and entrance on Lakeshore Drive. There is an existing fund balance of \$18,746 as of December 31, 2022.

The SPLOST Fund was created during 2018 to account for the proceeds of the special purpose local option sales tax which was approved by the voters of DeKalb County, Georgia. The City received \$150,857 of SPLOST collections during 2022. During 2022 the City used \$48,977 in SPLOST funds to purchase a police vehicle and associated equipment for \$38,458, to make improvements to the police department facility for \$4,480, and for engineering services relative to the Oak Drive project in the amount of \$6,039.

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

General Fund Budgetary Highlights

The General Fund expenditures for FY 2022 were \$945,645 compared to the final budget amount of \$968,464.

Capital Asset and Debt Administration

Capital assets. The City’s investment in capital assets on December 31, 2022, amounts to \$2,440,696 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles, equipment, and parks. Capital asset expenditures during 2022 included 1) \$27,400 for improvement to the beach entrance; and 2) \$36,500 for a 2021 Dodge Charger. Additional information on the City’s capital assets can be found in Note 7 on page 37 of this report.

Long-term debt. At the end of the current fiscal year, the City had \$398,471 in outstanding debt consisting of the following:

CITY OF PINE LAKE'S OUTSTANDING DEBT

	<u>Balance</u>
Governmental Activities:	
Revenue Bonds	\$ 398,471
Capital Lease Obligation	<u>-</u>
Total Long-Term Debt	<u>\$ 398,471</u>

The City’s total debt decreased by \$56,789 which includes normal debt service payments. Additional information on the City’s long-term debt can be found in note 8 on page 38 of this report.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Pine Lake is approximately \$3,182,000 which is significantly more than the City of Pine Lake’s outstanding general obligation debt.

Status of the City of Pine Lake’s Economy

- Net assessed property values increased 11.4% for 2022. Although the millage rate was decreased from 19.324 to 18.422, property valuations increased and resulted in increased property tax revenue. However, \$60,722 in property tax receivables remained due at year end.
- DeKalb County residents have approved a Special Purpose Local Option Sales Tax Referendum. Collection of the tax began in 2018. Pine Lake’s share of the special purpose local option sales tax is expected to be \$653,289 over the six-year collection period.
- According to the Bureau of Labor Statistics the consumer price index for all items decreased 1.1% in the Atlanta area from December of 2021 to December of 2022, indicating even deflation.
- According to the United States Census Bureau, the employment rate for Pine Lake, Atlanta, and Georgia in 2022 were 68.3%, 67.2% and 60.6% respectively.

The above factors were considered in preparing the City of Pine Lake’s budget for Fiscal Year 2023.

Requests for Information

This financial report is designed to provide a general overview of the City of Pine Lake’s finances, comply with finance-related laws and regulations, and demonstrate the City’s commitment to public accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City at (404) 999-4932 or at the following address:

City of Pine Lake
P.O. Box 1325
Pine Lake, GA 30072

**CITY OF PINE LAKE, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Downtown Dev. Auth.</u>
Assets				
Cash and Cash Equivalents	\$ 696,981	\$ 71,178	\$ 768,159	\$ -
Receivables, net				
Taxes	90,923	-	90,923	-
Accounts	2,596	10,359	12,955	-
Intergovernmental	13,718	-	13,718	-
Internal balances	(61,808)	61,808	-	-
Due from Primary Government	-	-	-	401,602
Prepaid Items	10,795	-	10,795	-
Restricted Assets -				
Cash	943,077	-	943,077	-
Non-Depreciable Capital Assets	137,165	-	137,165	-
Depreciable Capital Assets, Net	<u>2,255,533</u>	<u>47,998</u>	<u>2,303,531</u>	<u>-</u>
 Total Assets	 <u>4,088,980</u>	 <u>191,343</u>	 <u>4,280,323</u>	 <u>401,602</u>

See accompanying notes to the basic financial statements.

Continued

CITY OF PINE LAKE, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Dev. Auth.
Liabilities				
Accounts payable	\$ 58,565	\$ 521	\$ 59,086	\$ -
Accrued liabilities -				
Salaries and wages	53,614	-	53,614	-
Interest	3,131	-	3,131	3,131
Other	6,077	-	6,077	-
Unearned revenues	284,991	-	284,991	-
Long-Term Liabilities -				
Due Within One Year	59,339	-	59,339	59,339
Due In More Than One Year	339,132	-	339,132	339,132
Total Liabilities	<u>804,849</u>	<u>521</u>	<u>805,370</u>	<u>401,602</u>
Net Position				
Net investment in capital assets	1,994,227	47,998	2,042,225	-
Restricted for -				
Environmental projects	86,453	-	86,453	-
Capital outlay	574,405	-	574,405	-
Specified grant projects	1,331	-	1,331	-
Police activities	3,440	-	3,440	-
Unrestricted	624,275	142,824	767,099	-
Total Net Position, adjusted	<u>\$ 3,284,131</u>	<u>\$ 190,822</u>	<u>\$ 3,474,953</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Concluded

**CITY OF PINE LAKE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 305,267	\$ 10,974	\$ -	\$ 12,793
Police and Courts	439,484	71,185	-	66,708
Public Works	188,275	40,560	-	71,358
Culture and Recreation	46,536	4,420	5,000	-
Interest	19,994	-	-	-
Total Governmental Activities	<u>999,556</u>	<u>127,139</u>	<u>5,000</u>	<u>150,859</u>
Business-Type Activities:				
Stormwater Management	<u>54,481</u>	<u>67,058</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>54,481</u>	<u>67,058</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 1,054,037</u>	<u>\$ 194,197</u>	<u>\$ 5,000</u>	<u>\$ 150,859</u>
Component Unit:				
Downtown Development Authority	<u>\$ 19,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property
Franchise
Intangible
Motor vehicle
Insurance premium
Alcohol beverage
Occupational
Real estate transfer
Other taxes

Intergovernmental

Investment earnings

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning, adjusted

Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business- Type Activities	Total	Downtown Dev. Auth.
\$ (281,500)	\$ -	\$ (281,500)	\$ -
(301,591)	-	(301,591)	-
(76,357)	-	(76,357)	-
(37,116)	-	(37,116)	-
(19,994)	-	(19,994)	-
<u>(716,558)</u>	<u>-</u>	<u>(716,558)</u>	<u>-</u>
-	12,577	12,577	-
-	12,577	12,577	-
<u>(716,558)</u>	<u>12,577</u>	<u>(703,981)</u>	<u>-</u>
-	-	-	(19,994)
658,550	-	658,550	-
35,900	-	35,900	-
10,570	-	10,570	-
16,871	-	16,871	-
60,064	-	60,064	-
1,449	-	1,449	-
12,225	-	12,225	-
7,298	-	7,298	-
1,425	-	1,425	-
-	-	-	-
1,621	9	1,630	19,994
3,382	-	3,382	-
<u>809,355</u>	<u>9</u>	<u>809,364</u>	<u>19,994</u>
-	-	-	-
<u>809,355</u>	<u>9</u>	<u>809,364</u>	<u>19,994</u>
92,797	12,586	105,383	-
<u>3,191,334</u>	<u>178,236</u>	<u>3,369,570</u>	<u>-</u>
<u>\$ 3,284,131</u>	<u>\$ 190,822</u>	<u>\$ 3,474,953</u>	<u>\$ -</u>

CITY OF PINE LAKE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Special Revenue		Capital Projects
		McAllister Environmental Fund	ARPA Fund	Revenue Bond Fund
ASSETS				
Cash	\$ 696,981	\$ -	\$ -	\$ -
Receivables-				
Accounts	2,596	-	-	-
Taxes	90,923	-	-	-
Intergovernmental	-	-	-	-
Due from other funds	12,130	-	-	-
Prepaid items	10,795	-	-	-
Cash - restricted	3,440	93,978	285,877	81,582
Total assets	\$ 816,865	\$ 93,978	\$ 285,877	\$ 81,582
LIABILITIES				
Accounts payable	\$ 57,200	\$ -	\$ -	\$ -
Accrued salaries and wages	53,614	-	-	-
Accrued other	6,077	-	-	-
Due to other funds	65,708	7,525	4,306	-
Unearned Revenue	3,420	-	281,571	-
Total liabilities	186,019	7,525	285,877	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	52,741	-	-	-
FUND BALANCE				
Nonspendable - Prepaid items	10,795	-	-	-
Restricted -				
Environmental projects	-	86,453	-	-
Capital projects	-	-	-	81,582
Specified grant projects	-	-	-	-
Police activities	3,440	-	-	-
Assigned for next year's budget	46,786	-	-	-
Unassigned	517,084	-	-	-
Total fund balance, adjusted	578,105	86,453	-	81,582
Total liabilities, deferred inflows of resources and fund balance	\$ 816,865	\$ 93,978	\$ 285,877	\$ 81,582

See accompanying notes to the basic financial statements.

Capital Projects			Total Governmental Funds
Grant Fund	Capital Projects Fund	SPLOST Fund	
\$ -	\$ -	\$ -	\$ 696,981
-	-	-	2,596
-	-	-	90,923
-	-	13,718	13,718
-	3,900	19,850	35,880
-	-	-	10,795
<u>1,331</u>	<u>34,696</u>	<u>442,173</u>	<u>943,077</u>
\$ <u>1,331</u>	\$ <u>38,596</u>	\$ <u>475,741</u>	\$ <u>1,793,970</u>
\$ -	\$ -	\$ 1,365	\$ 58,565
-	-	-	53,614
-	-	-	6,077
-	19,850	299	97,688
-	-	-	284,991
<u>-</u>	<u>19,850</u>	<u>1,664</u>	<u>500,935</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>52,741</u>
-	-	-	10,795
-	-	-	86,453
-	18,746	474,077	574,405
1,331	-	-	1,331
-	-	-	3,440
-	-	-	46,786
-	-	-	517,084
<u>1,331</u>	<u>18,746</u>	<u>474,077</u>	<u>1,240,294</u>
\$ <u>1,331</u>	\$ <u>38,596</u>	\$ <u>475,741</u>	\$ <u>1,793,970</u>

CITY OF PINE LAKE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

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

Total fund balances -- total governmental funds	\$ 1,240,294
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,392,698
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Unavailable revenues	52,741
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Revenue bond obligation - DDA	(398,471)
Capital lease obligation	-
Accrued interest payable	(3,131)
Net Position of governmental activities.	<u>\$ 3,284,131</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF PINE LAKE, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund	Special Revenue		Capital Projects
		McAllister Environmental Fund	ARPA Fund	Revenue Bond Fund
REVENUES				
Taxes	\$ 765,030	\$ -	\$ -	\$ -
Licenses and permits	10,974	-	-	-
Intergovernmental	-	-	-	-
Charges for services	40,713	-	-	-
Fines and forfeitures	70,893	-	-	-
Interest	221	10	-	1,386
Rental Income	3,575	-	-	-
Other	8,386	-	-	-
Total revenues	<u>899,792</u>	<u>10</u>	<u>-</u>	<u>1,386</u>
EXPENDITURES				
Current-				
General government	297,013	-	-	-
Municipal court	68,290	-	-	-
Police	348,387	-	-	-
Public works	116,645	-	-	-
Culture and recreation	38,080	-	-	-
Capital Outlay	-	7,525	-	-
Debt Service -				
Principal	56,790	-	-	-
Interest	20,440	-	-	-
Debt issue cost	-	-	-	-
Total expenditures	<u>945,645</u>	<u>7,525</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	(45,853)	(7,515)	-	1,386
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Proceeds from asset disposition	-	-	-	-
Transfers	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(45,853)	(7,515)	-	1,386
Fund balance - beginning, adjusted	<u>623,958</u>	<u>93,968</u>	<u>-</u>	<u>80,196</u>
Fund balance - ending	<u>\$ 578,105</u>	<u>\$ 86,453</u>	<u>\$ -</u>	<u>\$ 81,582</u>

See accompanying notes to the basic financial statements.

Capital Projects

<u>Grant Fund</u>	<u>Capital Projects Fund</u>	<u>SPLOST Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 765,030
-	-	-	10,974
-	-	150,857	150,857
-	-	-	40,713
-	-	-	70,893
-	4	-	1,621
-	-	-	3,575
-	-	-	8,386
<u>-</u>	<u>4</u>	<u>150,857</u>	<u>1,052,049</u>
-	-	-	297,013
-	-	-	68,290
-	-	-	348,387
-	-	-	116,645
-	-	-	38,080
1,020	19,850	48,977	77,372
-	-	-	56,790
-	-	-	20,440
-	-	-	-
<u>1,020</u>	<u>19,850</u>	<u>48,977</u>	<u>1,023,017</u>
(1,020)	(19,846)	101,880	29,032
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,020)	(19,846)	101,880	29,032
<u>2,351</u>	<u>38,592</u>	<u>372,197</u>	<u>1,211,262</u>
<u>\$ 1,331</u>	<u>\$ 18,746</u>	<u>\$ 474,077</u>	<u>\$ 1,240,294</u>

**CITY OF PINE LAKE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Net change in fund balances -- total governmental funds \$ 29,032

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	63,833
Depreciation expense	(97,606)

Long term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position.

Repayments of debt	56,790
Proceeds from debt issue	-

The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. This is the net amount of capital assets donated and written off.

-

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between the beginning and ending deferred revenue balances related to timing differences.

40,302

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in accrued interest payable	446
------------------------------------	-----

Change in Net Position of governmental activities.	\$ 92,797
--	-----------

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

CITY OF PINE LAKE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	BUDGET AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 796,000	\$ 795,064	\$ 765,030	\$ (30,034)
Licenses and permits	10,700	12,000	10,974	(1,026)
Intergovernmental grants	-	-	-	-
Charges for services	43,560	43,560	40,713	(2,847)
Fines, fees and forfeitures	64,000	77,200	70,893	(6,307)
Investment income	1,000	1,000	221	(779)
Miscellaneous	3,300	8,300	11,961	3,661
Total revenues	<u>918,560</u>	<u>937,124</u>	<u>899,792</u>	<u>(37,332)</u>
EXPENDITURES				
Current				
General Government	311,260	295,921	297,013	(1,092)
Municipal Court	70,520	78,792	68,290	10,502
Police	344,140	344,572	348,387	(3,815)
Public Works	130,660	133,598	116,645	16,953
Culture and Recreation	35,220	37,301	38,080	(779)
Capital Outlay	6,050	1,050	-	1,050
Debt Service				
Principal	56,790	56,790	56,790	-
Interest	20,440	20,440	20,440	-
Total expenditures	<u>975,080</u>	<u>968,464</u>	<u>945,645</u>	<u>22,819</u>
Excess of revenues over (under) expenditures	(56,520)	(31,340)	(45,853)	(14,513)
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Proceeds from asset disposition	-	-	-	-
Transfers	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(56,520)	(31,340)	(45,853)	(14,513)
Fund balance - beginning	<u>623,958</u>	<u>623,958</u>	<u>623,958</u>	<u>-</u>
Fund balance - ending	<u>\$ 567,438</u>	<u>\$ 592,618</u>	<u>\$ 578,105</u>	<u>\$ (14,513)</u>

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

CITY OF PINE LAKE, GEORGIA
McALLISTER ENVIRONMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	BUDGET ORIGINAL / FINAL	ACTUAL	VARIANCE
REVENUES			
Investment income	\$ -	\$ 10	\$ 10
Intergovernmental	-	-	-
Miscellaneous	-	-	-
Total revenues	-	10	10
EXPENDITURES			
Current			
Public Works	-	-	-
Capital Outlay	7,525	7,525	-
Total expenditures	7,525	7,525	-
Excess of revenues over (under) expenditures	(7,525)	(7,515)	10
Other financing sources (uses):			
Proceeds from deletion of capital assets	-	-	-
Transfers	-	-	-
Total other financing sources (uses):	-	-	-
Net change in fund balance	(7,525)	(7,515)	10
Fund balance - beginning	93,968	93,968	-
Fund balance - ending	\$ 86,443	\$ 86,453	\$ 10

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

CITY OF PINE LAKE, GEORGIA
ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	BUDGET ORIGINAL / FINAL	ACTUAL	VARIANCE
REVENUES			
Investment income	\$ 140,785	\$ -	\$ (140,785)
Intergovernmental	-	-	-
Total revenues	140,785	-	(140,785)
EXPENDITURES			
Current			
Public Works	-	-	-
Capital Outlay	-	-	-
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	140,785	-	(140,785)
Other financing sources (uses):			
Proceeds from debt issuance	-	-	-
Transfers	-	-	-
Total other financing sources (uses):	-	-	-
Net change in fund balance	140,785	-	(140,785)
Fund balance - beginning, adjusted	-	-	-
Fund balance - ending	\$ 140,785	\$ -	\$ (140,785)

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

**CITY OF PINE LAKE, GEORGIA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022 AND 2021**

	STORMWATER FUND	
	2022	2021
ASSETS		
Current assets		
Cash	\$ 71,178	\$ 102,773
Accounts receivable	10,359	5,318
Due from other funds	61,808	20,589
Total current assets	143,345	128,680
Noncurrent assets		
Capital assets -		
Non-depreciable	-	-
Depreciable	47,998	49,748
Total capital assets	47,998	49,748
Total assets	191,343	178,428
LIABILITIES		
Current liabilities		
Accounts payable	521	192
Due to other funds	-	-
Total current liabilities	521	192
Long-term liabilities	-	-
Total liabilities	521	192
NET POSITION		
Investment in capital assets	47,998	49,748
Unrestricted	142,824	128,488
Total Net Assets	\$ 190,822	\$ 178,236

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

**CITY OF PINE LAKE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022 AND 2021**

	STORMWATER FUND	
	2022	2021
OPERATING REVENUES		
Charges for services	\$ 67,058	\$ 65,958
Total operating revenues	67,058	65,958
OPERATING EXPENSES		
Salaries and benefits	24,805	25,472
Contract services	27,925	57,043
Depreciation	1,751	1,751
Total operating expenses	54,481	84,266
Operating income (loss)	12,577	(18,308)
NON-OPERATING INCOME (EXPENSE)		
Interest income	9	-
Change in net position	12,586	(18,308)
NET POSITION - BEGINNING	178,236	196,544
NET POSITION - ENDING	\$ 190,822	\$ 178,236

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

**CITY OF PINE LAKE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
DECEMBER 31, 2022 AND 2021**

STORMWATER FUND

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 62,017	\$ 69,803
Cash paid to suppliers for goods and services	(35,982)	(67,533)
Cash paid to employees	(16,420)	(16,475)
Net cash provided from operating activities	<u>9,615</u>	<u>(14,205)</u>
Cash flows from investing activities:		
Interest	<u>9</u>	<u>-</u>
Net cash from investing activities	<u>9</u>	<u>-</u>
Cash flows from non-capital financing activities:		
(Increase) decrease in due to/from other funds	(41,219)	16,335
FEMA grant	<u>-</u>	<u>-</u>
Net cash flows from non-capital financing activities	<u>(41,219)</u>	<u>16,335</u>
Cash flows from capital financing activities:		
Purchase of capital assets	<u>-</u>	<u>-</u>
Net cash flows from capital financing activities	<u>-</u>	<u>-</u>
Net cash flows	(31,595)	2,130
Cash and cash equivalents - beginning	<u>102,773</u>	<u>100,643</u>
Cash and cash equivalents - ending	<u><u>\$ 71,178</u></u>	<u><u>\$ 102,773</u></u>

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

**CITY OF PINE LAKE, GEORGIA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED
BY OPERATING ACTIVITIES**

	<u>STORMWATER FUND</u>	
	<u>2022</u>	<u>2021</u>
Operating income (loss)	\$ 12,577	\$ (18,308)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,751	1,751
(Increase) decrease in receivables	(5,041)	3,845
Increase (decrease) in accounts payable	328	(1,493)
Total adjustments	<u>(2,962)</u>	<u>4,103</u>
Net cash from operating activities	<u>\$ 9,615</u>	<u>\$ (14,205)</u>

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

**CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Presentation

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

B. The Reporting Entity

The City of Pine Lake, Georgia (the City) was established in 1937 and is located in DeKalb County. The City provides a variety of services to approximately 706 residents. These services are provided in whole by the City. These services include public safety, culture and recreation, sanitation, public improvements, planning and zoning, stormwater management and general administrative services.

Governmental Accounting Standards Board Statement (GASB) No. 14, as amended by GASB No. 61 defines the reporting entity for determining which potential component units should be included in a primary government's financial statements. Inclusion is based on organization's for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, the organization should be included as a component unit. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the City regardless of whether the organization has a separate elected or appointed governing board. Blended component units, although legally separate entities, are, in substance part of the government's operations and are reported with similar funds of the primary government. Using the above criteria, the City has included in the City's financial report the City of Pine Lake Downtown Development Authority because of the significance of its operational and financial relationship with the City.

Discretely Presented Component Unit –

The component unit column in the Government – Wide Financial Statements includes the financial data of City of Pine Lake, Georgia Downtown Development Authority. This component unit is reported in a separate column to emphasize that it is legally separate from the City. The City of Pine Lake, Georgia Downtown Development Authority was organized to develop and promote commerce, industry and general welfare within the City. The City appoints the Authority's board members and reviews the annual budget. Funding of the Authority is provided by the City's General Fund. Separate financial statements for the Authority are not issued.

(See Independent Auditor's Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

C. Basic Financial Statements—Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide Statement of Net Position presents the financial condition of the governmental and business-type activities of the City at year end. The statement is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The City does not allocate indirect cost. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity self-financing or draws from the general revenues of the City.

The net costs (by function) are normally covered by general revenue (property taxes, franchise taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

(See Independent Auditor's Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

D. Basic Financial Statements-Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. 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. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if any, are aggregated and presented in a single column.

Governmental Fund Types – Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund – The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

McAllister Environmental Special Revenue Fund – This fund was created in 2010 to account for the proceeds from the bequest of Dr. Ann Dunn McAllister. Proceeds are to be used to support the work being done toward the growth and preservation of the natural environment as a bird-friendly habitat.

American Rescue Plan Act (ARPA) Special Revenue Fund – This fund is used to account for the monies received and the related expenditures under the American Rescue Plan Act. Recipients may use award funds to cover eligible costs incurred during the period that begins March 3, 2022 and ends December 31, 2024.

Revenue Bond Capital Projects Fund – This fund was created during 2010 to account for the proceeds from a 2009 bond issue. The proceeds are to be used for various items specified in the bond agreement.

Grant Capital Projects Fund – This fund was created during 2011 to account for the proceeds from federal and state grants and other financial assistance to be used for capital improvements.

Capital Projects Fund – This fund was created during 2015 to account for the proceeds from the HOST tax and other sources that are to be used for capital projects.

SPLOST Capital Projects Fund – The SPLOST Fund is used by the City to account for acquisition and construction of major capital facilities and equipment that were approved by the voters of DeKalb County, Georgia through the special purpose local option sales tax referendum.

Proprietary Fund Type – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City's proprietary funds are classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Stormwater Management Enterprise Fund - The Stormwater Management Enterprise Fund is used to account for the revenues generated from the charges for stormwater management provided to the citizens of the City.

(See Independent Auditor's Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

E. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of government-wide financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide the goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

F. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

Government-wide financial statements are presented on the accrual basis of accounting; proprietary funds also use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

(See Independent Auditor’s Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

F. Basis of Accounting, continued

Those revenues susceptible to accrual are taxes, state and federal grants, interest revenue and charges for services. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include licenses, penalties, fines and forfeitures and miscellaneous revenues which are recorded as revenues when received in cash. Those revenues that are measurable but are not collected within 60 days after year end are recorded as unavailable revenues.

G. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City did not have any investments as of December 31, 2022. For reporting purposes, all investments, if any, are recorded at fair value.

In applying GASB Statement No. 31, the City utilized the following methods and assumptions as of December 31, 2022:

1. Fair value is based on quoted market prices as of the valuation date;
2. The investment portfolio did not hold investments in any of the following: a) items required to be reported at amortized costs; b) items subject to involuntary participation in an external pool; and, c) items associated with a fund other than the fund to which the income is assigned.

The City's policy is to hold investments until maturity.

H. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory, if any, in the General Fund consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are used, rather than in the period purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Inventories of the enterprise fund, if any, consist of various repair parts and supplies.

I. Prepaid Expenses

Payments made to vendors for service that will benefit periods beyond December 31, 2022 are recorded as prepaid items and are expensed during the period benefited.

(See Independent Auditor's Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

J. Restricted Assets

Certain proceeds from the City’s revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The “revenue bond construction fund” account is used to segregate bond proceeds that are to be used for the purposes specified in the bond agreement. The “debt service reserve fund” account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

K. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and structures	20-50 years
Furniture and equipment	5-10 years
Infrastructure	10-50 years

The City only reports infrastructure assets purchased subsequent to December 31, 2004.

L. Bond Premiums, Discounts and Issuance Cost

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For government-wide statements and proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are at the gross amount payable. Issuance costs are reported as an expense in the year incurred.

(See Independent Auditor’s Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

N. Revenues

Substantially all governmental fund revenues are accrued. When applicable, property taxes are billed and collected within the same period in which the taxes are levied. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

O. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

P. Compensated Absences

The City accrues accumulated unpaid vacation and sick leave benefits, which will be paid to employees upon separation from service, when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Q. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

R. Encumbrances

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

(See Independent Auditor's Report).

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

S. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditures) until then. The government has no items that qualify for reporting in this category as of December 31, 2022.

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

T. Fund Equity – Governmental Funds

As of December 31, 2022, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of City of Pine Lake’s Council. Pine Lake’s Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by City Council prior to end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the City Council may assign amounts for specific purposes through passage of a resolution. Unlike commitments, assignments generally only exist temporarily and do not normally have to have an additional action taken for their removal.

Unassigned – all other spendable amounts.

As of December 31, 2022, fund balances are composed of the following:

	General Fund	McAllister Environmental Fund	ARPA Fund	Revenue Bond Fund	Grant Fund	Capital Projects Fund	SPLOST Fund
Nonspendable:							
Prepays	\$ 10,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:							
Environmental projects	-	86,453	-	-	-	-	-
Capital projects	-	-	-	81,582	-	18,746	474,077
Specified grant purposes	-	-	-	-	1,331	-	-
Police activities	3,440	-	-	-	-	-	-
Assigned - next year's budget	46,786	-	-	-	-	-	-
Unassigned	517,084	-	-	-	-	-	-
Total Fund Balances	\$ 578,105	\$ 86,453	\$ -	\$ 81,582	\$ 1,331	\$ 18,746	\$ 474,077

(See Independent Auditor’s Report).

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

T. Fund Equity – Governmental Funds, Continued

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

U. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, constructions, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City's government-wide statement of net position reports \$665,629 in restricted net position, of which \$496,263 is restricted by enabling legislation.

V. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

W. Budgets and Budgetary Accounting

The City Council adopts an annual budget for all of the City's funds. Public hearings are conducted to obtain taxpayer comments. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of an ordinance. Any revisions that alter the total expenditures of any department must be approved by City Council. Formal budgetary integration is employed as a management control device during the year.

Governmental fund type budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control which is the department level. Expenditures may not exceed the appropriations within a fund. Council must approve all line item transfers. Budgets, as reported in the financial statements, are as originally passed or last amended.. All annual appropriations lapse at year end.

X. Leasing Activities

During 2022, the City implemented a new accounting standard GASB No. 87 "Leases." The new standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As of December 31, 2022, the City has no significant lease agreements that are required to be reported under the new standard either as a lessee or a lessor.

(See Independent Auditor's Report).

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

2. CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of a bank failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2022, all of the City’s deposits were covered by either federal depository insurance, by collateral held by the City’s agent in the City’s name, or by collateral held by a third-party custodian bank as part of the Georgia Office of the State Treasurer’s Pooled Funds program.

Investments

Investments - Statutes authorize the City to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, and certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations.

The City had no investments as of December 31, 2022.

3. PROPERTY TAX

Property taxes were levied on June 29, 2022 and are due 60 days after the receipt of the tax notice. Property taxes attach as an enforceable lien on the property as of January 1. The City has obtained the service of DeKalb County to bill and collect the City’s property taxes. The County remits monies collected to the City on a semi-monthly basis. Property taxes receivable at December 31, 2022 amounted to \$60,722.

4. INTERGOVERNMENTAL REVENUES AND RECEIVABLES

Intergovernmental revenues and receivables as of and for the year ended December 31, 2022 were as follow:

	<u>Revenues</u>	<u>Receivables</u>
DeKalb County -		
Special Purpose Local Option Sales Taxes	\$ 139,902	\$ 13,718
State of Georgia - Dept. of Transportation -		
LMIG	10,955	\$ -
ARPA Grant	-	-
State of Georgia - First Responders Grant	-	-
	<u>\$ 150,857</u>	<u>\$ 13,718</u>

(See Independent Auditor’s Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

5. RECEIVABLES

Receivables as of year-end, including the applicable allowances for uncollectible accounts, were as follow:

	<u>General</u>	<u>SPLOST</u>	<u>Stormwater</u>
Taxes	\$ 90,923	\$ -	\$ -
Accounts	3,626		10,359
Intergovernmental	<u>-</u>	<u>13,718</u>	<u>-</u>
Gross Receivables	94,549	13,718	10,359
Less: Allowance for Uncollectibles	<u>(1,030)</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 93,519</u>	<u>\$ 13,718</u>	<u>\$ 10,359</u>

6. INTER-FUND TRANSACTIONS

Individual fund interfund receivable and payable balances at December 31, 2022 were as follows:

Payable To	General Fund	McAllister Fund	Payable From			Total
			ARPA Fund	Capital Projects Fund	SPLOST Fund	
Stormwater	\$ 61,808	\$ -	\$ -		\$ -	\$ 61,808
General Fund		7,525	4,306		299	12,130
Capital Projects	3,900					3,900
SPLOST	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,850</u>	<u>-</u>	<u>19,850</u>
Totals	<u>\$ 65,708</u>	<u>\$ 7,525</u>	<u>\$ 4,306</u>	<u>\$ 19,850</u>	<u>\$ 299</u>	<u>\$ 97,688</u>

The City’s General Fund’s operating bank account receives all deposits from the general fund and the stormwater operations. All monies collected for the stormwater fund and all expenditures paid for the stormwater fund are made through the general fund’s operating bank account. The cumulative net amount over the years (receipts over expenditures) is due to/from the stormwater fund. The SPLOST Fund owes the General Fund \$299 due to start-up expenditures of the SPLOST Fund paid by the General Fund. All other due to / from amount are for expenditures paid from one fund but are eligible expenditures of another fund that will be reimbursed in the future.

There were no operating transfers between funds for the year ended December 31, 2022.

(See Independent Auditor’s Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

7. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases and Other Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 137,165	\$ -	\$ -	\$ 137,165
Construction in progress	-	-	-	-
Total	<u>137,165</u>	<u>-</u>	<u>-</u>	<u>137,165</u>
Capital assets being depreciated:				
Buildings and structures	669,142	7,525	-	676,667
Infrastructure	2,520,976	19,850	-	2,540,826
Furniture and equipment	241,245	36,457	-	277,702
Total capital assets being depreciated	<u>3,431,363</u>	<u>63,832</u>	<u>-</u>	<u>3,495,195</u>
Less accumulated depreciation for:				
Buildings and structures	208,268	15,865	-	224,133
Infrastructure	729,415	62,390	-	791,805
Furniture and equipment	204,373	19,351	-	223,724
Total accumulated depreciation	<u>1,142,056</u>	<u>97,606</u>	<u>-</u>	<u>1,239,662</u>
Total capital assets being depreciated, net	<u>2,289,307</u>	<u>(33,774)</u>	<u>-</u>	<u>2,255,533</u>
Governmental capital assets, net	<u>\$ 2,426,472</u>	<u>\$ (33,774)</u>	<u>\$ -</u>	<u>\$ 2,392,698</u>

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

General Government	\$ 8,253
Police and Courts	16,327
Parks and Recreation	8,456
Public Works	<u>64,570</u>
Total depreciation expense	<u>\$ 97,606</u>

(See Independent Auditor's Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

7. PROPERTY, PLANT AND EQUIPMENT, Continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Infrastructure	52,520	-	-	52,520
Total capital assets being depreciated	52,520	-	-	52,520
Less accumulated depreciation for:				
Infrastructure	2,772	1,750	-	4,522
Total accumulated depreciation	2,772	1,750	-	4,522
Total capital assets being depreciated, net	49,748	(1,750)	-	47,998
Governmental capital assets, net	\$ 49,748	\$ (1,750)	\$ -	\$ 47,998

Depreciation expense is charged to the Stormwater Fund.

8. LONG-TERM DEBT

Changes in Long-Term Debt

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2022:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Governmental Activities					
Intergovernmental Agreement - DDA Bonds Payable	455,260	-	(56,789)	398,471	59,339
Total Governmental Activity					
Long-Term Debt	\$ 455,260	\$ -	\$ (56,789)	\$ 398,471	\$ 59,339

The City's General Fund is typically used to liquidate all governmental activity long-term liabilities.

(See Independent Auditor's Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

8. LONG-TERM DEBT - (Continued)

Governmental Activities Long-Term Obligations -

The Governmental activities long-term obligations as of December 31, 2022 consist of the following:

Direct Borrowings / Placements -

An intergovernmental agreement to provide funding for the debt servicing of revenue bonds issued by the Pine Lake Downtown Development Authority in the amount of \$1,023,307, the proceeds are to be used by the City to make various environmental, recreational and street improvements, interest is charged at 4.49%, due in equal annual installments of \$77,230, matures October 2028.

\$398,471

Annual repayment requirements to amortize all long-term obligations as they mature are as follows:

Year Ending 12/31	REVENUE BONDS		
	Principal	Interest	Total
2023	\$ 59,339	\$ 17,891	\$ 77,230
2024	62,003	15,227	77,230
2025	64,787	12,443	77,230
2026	67,696	9,534	77,230
2027	70,735	6,495	77,230
2028	<u>73,911</u>	<u>3,319</u>	<u>77,230</u>
	<u>\$ 398,471</u>	<u>\$ 64,909</u>	<u>\$ 463,380</u>

(See Independent Auditor's Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

9. UNAVAILABLE REVENUES

Unavailable revenues as of December 31, 2022, reported in the Governmental Fund’s balance sheet, consisted of the following revenue items which had been earned and were measurable but were not received within 60 days after year end and therefore were not considered available:

Property taxes	\$ 50,734
Sanitation fees	<u>2,007</u>
 Total deferred revenues - Governmental Funds	 <u>\$ 52,741</u>

10. DOWNTOWN DEVELOPMENT AUTHORITY BOND ISSUE

In October 2009 the Pine Lake Downtown Development Authority issued revenue bonds in the amount of \$1,023,307. The proceeds are to be used by the City to make various capital improvements. The City and the Downtown Development Authority did enter into an intergovernmental agreement whereby the City has guaranteed funding for the debt service of the bond issue. As a result, the Downtown Development Authority has recorded a liability for the bonds payable and accrued interest payable and an amount due from the City in the amount of \$401,602 as of December 31, 2022. The City has also recorded a liability in the governmental – wide financial statements for the amount due under the intergovernmental agreement. Annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ending 12/31	<u>REVENUE BONDS</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 59,339	\$ 17,891	\$ 77,230
2024	62,003	15,227	77,230
2025	64,787	12,443	77,230
2026	67,696	9,534	77,230
2027	70,735	6,495	77,230
2028	<u>73,911</u>	<u>3,319</u>	<u>77,230</u>
	<u>\$ 398,471</u>	<u>\$ 64,909</u>	<u>\$ 463,380</u>

(See Independent Auditor’s Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

11. JOINT VENTURES

Atlanta Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC). Membership in this organization is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Commission in Georgia. The Board's membership includes the chief elected official of each county and one representative from each member county and 15 citizen representatives. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from:

Atlanta Regional Commission
 3715 Northside Parkway
 Building 200, Suite 300
 Atlanta, Georgia 30327

12. RISK MANAGEMENT

The City of Pine Lake is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is a member of Georgia Interlocal Risk Management Agency. This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Coverages are as follows:

Coverage Description – Property:	
Buildings and contents – (Blanket)	\$2,116,383
Automobile physical damage	Per Application on file with GIRMA
Coverage Description – Casualty:	
Comprehensive general liability	\$ 600,000
Automobile liability	\$ 750,000
Errors and omissions (Public Officials)	\$ 600,000
Employee benefits liability	\$ 600,000
Coverage Description – Crime:	
Blanket bond – employees required to be bonded	\$500,000
Blanket bond – all other employees	\$500,000
Depositors forgery	\$500,000
Money and securities – loss inside and outside premises	\$500,000
Deductible:	
All coverages are subject to a per occurrence deductible of	\$1,000 to \$10,000

(See Independent Auditor's Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

12. Risk Management (continued)

Chapter 85 Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated non-profit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government.

The basis for estimating the liabilities for unpaid claims is “IBNR” established by an actuary.

During the year ended December 31, 2022, the City paid no claims. The City has not compiled a record of the claims paid up to the \$10,000 deductible for the prior years. The City is not aware of any claims which the City is liable for (up to the \$10,000) which were outstanding and unpaid at December 31, 2022. No provisions have been made in the financial statements for the year ended December 31, 2022 for any estimate of potential unpaid claims.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Pine Lake became a member of the Georgia Municipal Associated Workers’ Compensation Self Insurance Fund. The liability of the fund to the employees of any employer (City of Pine Lake) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers’ compensation and / or employer’s liability.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool’s agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, in the funds being required to pay any claim of loss. The City is also to allow the pool’s agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker’s compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

13. CONTINGENCIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

There were no lawsuits or complaints as of December 31, 2022 that management believes will have a material effect on the financial condition of the City.

(See Independent Auditor’s Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS -- (Continued)

14. EMPLOYEE BENEFIT PENSION PLANS

Deferred Compensation Plan -

The City offers its employees a deferred compensation plan. The plan allows for employee contributions under the guidelines established by the Internal Revenue Service code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to the employee until termination, retirement, death or unforeseeable emergency. The plan is sponsored by the Georgia Municipal Association and is administered by MetLife.

Defined Contribution Plan

As authorized by City Council, the City provides pension benefits for certain management positions that require 40 hour work weeks through a defined contribution plan under Internal Revenue Service Code 401a, City of Pine Lake Pension Plan. Under the terms of the plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is sponsored by the Georgia Municipal Association and is administered by MetLife. A complete report of the pension plan can be obtained from the City Clerk's office.

The City contribution rate is determined by the City Council. Currently the City's contribution is 5% of compensation for covered employees. The contribution requirements of the City and other plan provisions are established and may be amended by the City Council.

During the year, the City contributed \$11,930, equal to 5% of eligible salaries. Eligible salaries for the year amounted to 238,600. Gross salaries for the year amounted to \$396,002. Contributions immediately vest with plan participants.

15. RESTRICTED ASSETS

Pursuant to the Downtown Development Authority Revenue Bonds, the City was required to create various funds and accounts. Balances in these bond restricted funds and other various restricted funds and accounts as of December 31, 2022 are as follows:

Revenue Bond Restricted Assets -	
Debt service reserve fund	\$ 81,582
Grant Fund	1,331
McAllister Environmental fund	93,978
Capital Projects Fund	34,696
ARPA Fund	285,877
SPLOST Fund	442,173
Confiscated Assets	<u>3,440</u>
	<u>\$943,077</u>

(See Independent Auditor's Report)

CITY OF PINE LAKE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

16. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including-

A. Deficit fund balances or net position balances of individual funds – As of December 31, 2022, none of the City’s funds had a deficit fund balance.

B. Excess expenditures over appropriations in individual funds as follows:

None of the City’s funds had departmental expenditures which materially exceeded (if over 5 percent and greater than \$5,000) its department’s approved appropriation.

17. PRIOR PERIOD ADJUSTMENT

During fiscal year ended December 31, 2021, the City recognized monies received under the American Rescue Plan Act as revenue when the money was received and reported the remaining monies as restricted net position / fund balance. After further analysis of the grant agreement, it was determined that the grant should be recognized as revenue when the funds are expended i.e. when they are earned. Unspent or unappropriated funds as of December 31, 2024 must be returned to the granting agency. The City has made the following prior period adjustment to properly record the remaining ARPA grant funds as of December 31, 2021 as unearned revenues:

	Governmental Activities	Governmental Funds
Net Position / Fund Balance -	\$ 3,332,119	\$ 1,352,047
Beginning of the year		
Adjustment to record remaining ARPA funds as unearned revenue since the revenue under this grant is earned when the funds are expended	<u>(140,785)</u>	<u>(140,785)</u>
Beginning of the year, adjusted	<u>\$ 3,191,334</u>	<u>\$ 1,211,262</u>

(See Independent Auditor’s Report)

**CITY OF PINE LAKE, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - PROJECT LENGTH
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
REVENUES				
Intergovernmental -				
GEFA	\$ 687,500	\$ -	\$ 687,500	\$ 687,500
DeKalb County	720,000	-	720,000	715,000
Interest	<u>1,244</u>		<u>1,244</u>	<u>-</u>
Total Revenues	<u>1,408,744</u>	<u>-</u>	<u>1,408,744</u>	<u>1,402,500</u>
EXPENDITURES				
Capital Outlay -				
Snapfinger Creek improvements	1,331,775	1,020	1,332,795	1,375,000
Debt Service -				
Principal	680,196	-	680,196	687,500
Debt issue cost	<u>27,836</u>	<u>-</u>	<u>27,836</u>	<u>27,500</u>
Total Expenditures	<u>2,039,807</u>	<u>1,020</u>	<u>2,040,827</u>	<u>2,090,000</u>
Excess Revenues Over (Under) Expenditures	<u>(631,063)</u>	<u>(1,020)</u>	<u>(632,083)</u>	<u>(687,500)</u>
Other Financing Sources (Uses)				
Proceeds from debt issuance	680,196	-	680,196	687,500
Transfers	<u>(46,782)</u>	<u>-</u>	<u>(46,782)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>633,414</u>	<u>-</u>	<u>633,414</u>	<u>687,500</u>
Net Change in Fund Balance	<u>\$ 2,351</u>	<u>(1,020)</u>	<u>\$ 1,331</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>2,351</u>		
Fund Balance - End of Year		<u>\$ 1,331</u>		

**CITY OF PINE LAKE, GEORGIA
REVENUE BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022**

	*BUDGET ORIGINAL / FINAL	ACTUAL	VARIANCE
REVENUES			
Investment income	\$ -	\$ 1,386	\$ 1,386
Intergovernmental	-	-	-
Total revenues	<u>-</u>	<u>1,386</u>	<u>1,386</u>
EXPENDITURES			
Current			
Public Works	-	-	-
Capital Outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	-	1,386	1,386
Other financing sources (uses):			
Proceeds from debt issuance	-	-	-
Transfers	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>1,386</u>	<u>1,386</u>
Fund balance - beginning	<u>-</u>	<u>80,196</u>	<u>80,196</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 81,582</u>	<u>\$ 81,582</u>

*No activity was anticipated by management for 2022.

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

**CITY OF PINE LAKE, GEORGIA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Investment income	\$ -	\$ 4	\$ 4
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>4</u>	<u>4</u>
EXPENDITURES			
Current			
Public Works	-	-	-
Capital Outlay	<u>20,000</u>	<u>19,850</u>	<u>150</u>
Total expenditures	<u>20,000</u>	<u>19,850</u>	<u>150</u>
Excess of revenues over (under) expenditures	(20,000)	(19,846)	154
Other financing sources (uses):			
Proceeds from debt issuance	-	-	-
Transfers	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(20,000)</u>	<u>(19,846)</u>	<u>154</u>
Fund balance - beginning	<u>38,592</u>	<u>38,592</u>	<u>-</u>
Fund balance - ending	<u>\$ 18,592</u>	<u>\$ 18,746</u>	<u>\$ 154</u>

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

CITY OF PINE LAKE, GEORGIA
SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - PROJECT LENGTH
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
REVENUES				
Intergovernmental -				
SPLOST	\$ 425,277	\$ 139,902	\$ 565,179	\$ 653,189
Other	22,056	10,955	33,011	-
Interest	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total Revenues	<u>447,334</u>	<u>150,857</u>	<u>598,191</u>	<u>653,189</u>
EXPENDITURES				
Administrative	149	-	149	-
Capital Outlay -				
Renovation / expansion public safety and courts	-	4,480	4,480	300,000
Police dash cameras	-	-	-	20,000
Renovation / repairs of City Hall	48,036	-	48,036	70,000
Restroom for public works building	-	-	-	5,000
Rebuild of Oak Road from Forrest Street to Spring Street	-	-	-	150,000
Road / street repair & improvements	26,952	6,040	32,992	168,500
Police vehicle	-	38,457	38,457	45,000
Public works enhanced gate repairs	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Total Expenditures	<u>75,137</u>	<u>48,977</u>	<u>124,114</u>	<u>765,500</u>
Excess Revenues Over (Under) Expenditures	<u>372,197</u>	<u>101,880</u>	<u>474,077</u>	<u>(112,311)</u>
Other Financing Sources (Uses)				
Proceeds from debt issuance	-	-	-	-
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,311</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,311</u>
Net Change in Fund Balance	372,197	101,880	<u>\$ 474,077</u>	-
Fund Balance - Beginning of Year		<u>372,197</u>		
Fund Balance - End of Year		<u>\$ 474,077</u>		

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF PINE LAKE, GEORGIA

REQUIRED REPORTS
IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

JAMES L. WHITAKER, P.C.

CERTIFIED PUBLIC ACCOUNTANT

SNELLVILLE, GEORGIA 30078

CITY OF PINE LAKE, GEORGIA
REQUIRED REPORTS IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE OF CONTENTS

	<u>PAGE</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters	1-2
Schedule of Findings and Responses	3-4
Report on Schedule of Special Purpose Local Option Sales Tax	5
Schedule of Special Purpose Local Option Sales Tax Expenditures	6

JAMES L. WHITAKER, P.C.

Certified Public Accountant
2295 Henry Clower Blvd., Suite 205
Snellville, Georgia 30078
Telephone: 678-205-4438
Fax: 678-205-4449

Member of
The American Institute of
Certified Public Accountants

Member of
Georgia Society of
Certified Public Accountants

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

Honorable Mayor and Members of City Council
City of Pine Lake, 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 discretely presented component unit and each major fund of City of Pine Lake, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Pine Lake's basic financial statements and have issued our report thereon dated December 12, 2023.

Internal Control over Financial Reporting

In planning and performing our audit, we considered City of Pine Lake, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pine Lake's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pine Lake, 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2010.006 through 2016.001, that we consider to be material weaknesses.

Compliance and Other Matters

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

City of Pine Lake, Georgia's Response to Findings

City of Pine Lake's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Pine Lake'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. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James A. Whitaker, P.C.

Snellville, Georgia
December 12, 2023

**CITY OF PINE LAKE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

**QUESTIONED
COST**

FINDINGS - FINANCIAL STATEMENT AUDIT

2010.006 BEGINNING GENERAL LEDGER BALANCES NOT ADJUSTED - REPEAT FINDING

Condition: During our audit we became aware that the beginning balances in the City's general ledger did not agree with the amounts in the City's audited financial statements for the previous year end.

Criteria: Adjustments from annual audits should be recorded to the City's general ledger so that the beginning balances of the financial statements agree with the ending balances of the previous year's audit.

Effect: The beginning balances of the City's general ledger were materially different than the previous year's audited financial statements.

Cause: The City's accounting software does not support fund accounting and therefore makes adjusting beginning balances a more difficult issue.

Recommendation: Management should investigate other accounting software packages that are specifically designed for fund accounting.

N/A

View of responsible officials and planned corrective action:

Management agrees with the finding and has began to implement a new accounting software system into the City's financial reporting system. It is expected to be ready for implementation by January 1, 2024.

**2010.012 SEPARATE SET OF SELF-BALANCING BOOKS
FOR EACH INDIVIDUAL FUND OF THE CITY - REPEAT FINDING**

Condition: The City does not currently have a separate set of self-balancing books for each of its individual funds.

Criteria: State law and government accounting standards require all individual funds of an organization to have a separate set of self-balancing books

Effect: The City is not in compliance with state law or government accounting standards.

Cause: The City's current accounting software does not support fund accounting.

Recommendation: Management should investigate other accounting software packages that are specifically designed for fund accounting.

N/A

View of responsible officials and planned corrective action:

Management agrees with the finding and has began to implement a new accounting software system into the City's financial reporting system. It is expected to be ready for implementation by January 1, 2024.

**CITY OF PINE LAKE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES – (Continued)**

**QUESTIONED
COST**

FINDINGS - FINANCIAL STATEMENT AUDIT

2016.001 RECONCILIATION OF RECEIVABLES - REPEAT FINDING

Condition: The City is currently not reconciling the general ledger balance or a control ledger balance for probation fines receivable, property taxes receivable or sanitation and stormwater fees receivable.

Criteria: Reconciliation procedures are vital to the safeguarding of the City's assets from errors or fraud. The reconciliation procedures should be performed in a timely manner at the end of each month.

Effect: Errors or fraud could be occurring and not be detected in a timely manner by employees in the normal performance of their duties.

Cause: City personnel were unaware of the need to reconcile these receivables since most of these items are collected by outside sources and remitted to the City.

Recommendation: Management should require the reconciliation of all receivables on a monthly basis.

N/A

View of responsible officials and planned corrective action:

Management agrees with the finding. Management will require appropriate accounting personnel to reconcile these receivables with the general ledger or at a minimum a control ledger. The reconciliation will begin in January 2024.

JAMES L. WHITAKER, P.C.

Certified Public Accountant
2295 Henry Clower Blvd., Suite 205
Snellville, Georgia 30078
Telephone: 678-205-4438
Fax: 678-205-4449

Member of
The American Institute of
Certified Public Accountants

Member of
Georgia Society of
Certified Public Accountants

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

Honorable Mayor and Members of City Council
City of Pine Lake, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax Expenditures for the City of Pine Lake, Georgia for the year ended December 31, 2022. This Schedule is the responsibility of the City of Pine Lake's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax Expenditures 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 Schedule of Special Purpose Local Option Sales Tax Expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax Expenditures. 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 of Special Purpose Local Option Sales Tax Expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax Expenditures is prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting and is not intended to be a complete presentation of City of Pine Lake's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax Expenditures referred to above presents fairly, in all material respects, the original estimated cost, and the current and prior year expenditures for each project in City of Pine Lake's resolutions or ordinances calling for the tax for the year ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

James L. Whitaker, P.C.

Snellville, Georgia
December 12, 2023

CITY OF PINE LAKE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES			ESTIMATED PERCENT COMPLETE
		BEGINNING OF YEAR	CURRENT YEAR	TO DATE	
Administrative	\$ -	\$ 149	\$ -	\$ 149	0.0%
Renovation / expansion public safety and courts	300,000	-	4,480	4,480	1.5%
Police dash cameras	20,000	-	-	-	0.0%
Renovation / repairs of City Hall	70,000	48,036	-	48,036	68.6%
Restroom for public works bldg.	5,000	-	-	-	0.0%
Rebuild of Oak Road from Forrest Street to Spring Street	150,000	-	-	-	0.0%
Road / Street repair & improvements	168,500	26,952	6,040	32,992	19.6%
Police vehicle	45,000	-	38,457	38,457	85.5%
Public works enhanced gate repairs	7,000	-	-	-	0.0%
	<u>\$ 765,500</u>	<u>\$ 75,137</u>	<u>\$ 48,977</u>	<u>\$ 124,114</u>	