

**CITY OF HELEN, GEORGIA**

**FINANCIAL STATEMENTS**

**For the fiscal year ended June 30, 2020**

**WALKER, PIERCE & TUCK, CPA'S, PC**

**CITY OF HELEN, GEORGIA  
FISCAL YEAR ENDED JUNE 30, 2020  
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## INDEPENDENT AUDITOR'S REPORT

To the City Commission  
City of Helen, Georgia

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Helen, Georgia, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Helen, Georgia, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although

not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. However, accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Helen, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Special Purpose Local Option Sales Tax, as required by O.C.G.A. 48-8-121 as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

#### *Supplementary Information*

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Special Purpose Local Option Sales Tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Special Purpose Local Option Sales Tax are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2021, on our consideration of the City of Helen, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Helen, Georgia's internal control over financial reporting and compliance.

*Walker, Pierce & Tuck, CPA's, P.C.*

Walker, Pierce and Tuck, CPA's, P.C.  
Gainesville, Georgia  
January 19, 2021



# CITY OF HELEN, GEORGIA

## Statement of Net Position

June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 4,952,620	\$ 1,738,265	\$ 6,690,885
Restricted cash	10,629	115,603	126,232
Receivables (net)	274,555	68,455	343,010
Intergovernmental receivable	163,183	-	163,183
Prepaid expenditures	110,071	18,524	128,595
Accrued revenue	-	16,117	16,117
Interfund balances	95,612	(95,612)	-
<b>Total Current Assets</b>	<b>5,606,670</b>	<b>1,861,352</b>	<b>7,468,022</b>
<b>Noncurrent Assets</b>			
Capital assets			
Nondepreciable	1,711,488	419,257	2,130,745
Depreciable, net	4,453,209	5,820,265	10,273,474
<b>Total Noncurrent Assets</b>	<b>6,164,697</b>	<b>6,239,522</b>	<b>12,404,219</b>
<b>Total Assets</b>	<b>11,771,367</b>	<b>8,100,874</b>	<b>19,872,241</b>
<b>Deferred Outflows of Resources</b>	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>11,771,367</b>	<b>8,100,874</b>	<b>19,872,241</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	158,730	27,607	186,337
Accrued expenses	44,805	8,156	52,961
Lease payable	39,089	-	39,089
Intergovernmental loan	-	117,605	117,605
Amounts held in trust	4,659	115,490	120,149
Advances from other funds	314,179	(314,179)	-
<b>Total Current Liabilities</b>	<b>561,462</b>	<b>(45,321)</b>	<b>516,141</b>
<b>Long-term Liabilities</b>			
Lease payable	257,557	-	257,557
Intergovernmental loan	-	837,035	837,035
Compensated absences	161,572	18,442	180,014
<b>Total Long-term Liabilities</b>	<b>419,129</b>	<b>855,477</b>	<b>1,274,606</b>
<b>Total Liabilities</b>	<b>980,591</b>	<b>810,156</b>	<b>1,790,747</b>
<b>Deferred Inflows of Resources</b>	-	-	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>980,591</b>	<b>810,156</b>	<b>1,790,747</b>
<b>Net Position</b>			
Net Investment in Capital Assets	5,868,051	5,284,882	11,152,933
Restricted for:			
Capital projects	479,077	-	479,077
Public safety	37,063	-	37,063
Tourism	99,423	-	99,423
Unrestricted	4,307,162	2,005,836	6,312,998
<b>Total Net Position</b>	<b>\$ 10,790,776</b>	<b>\$ 7,290,718</b>	<b>\$ 18,081,494</b>

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

# CITY OF HELEN, GEORGIA

## Statement of Activities

For the Year Ended June 30, 2020

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government</u>		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 780,736	\$ 338,024	\$ 5,141	\$ 651,321	\$ 213,750	\$ -	\$ 213,750
Judicial	21,790	53,228	-	-	31,438	-	31,438
Public safety	1,179,775	7,988	-	-	(1,171,787)	-	(1,171,787)
Public works	830,785	50,472	-	24,203	(756,110)	-	(756,110)
Recreation and culture	83,782	-	-	-	(83,782)	-	(83,782)
Housing and development	876,627	17,540	-	-	(859,087)	-	(859,087)
Interest on Debt	11,291	-	-	-	(11,291)	-	(11,291)
<b>Total Governmental Activities</b>	<b>3,784,786</b>	<b>467,252</b>	<b>5,141</b>	<b>675,524</b>	<b>(2,636,869)</b>	<b>-</b>	<b>(2,636,869)</b>
<b>Business-type activities:</b>							
Water and sewer	1,098,897	894,966	-	-	-	(203,931)	(203,931)
<b>Total Business-type Activities</b>	<b>1,098,897</b>	<b>894,966</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(203,931)</b>	<b>(203,931)</b>
<b>Total Primary Government</b>	<b>\$ 4,883,683</b>	<b>\$ 1,362,218</b>	<b>\$ 5,141</b>	<b>\$ 675,524</b>	<b>(2,636,869)</b>	<b>(203,931)</b>	<b>(2,840,800)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes					465,225	-	465,225
Franchise fees					137,063	-	137,063
Excise taxes					229,162	-	229,162
Business tax					149,786	-	149,786
Sales tax					1,012,178	-	1,012,178
Hotel/Motel tax					1,319,955	-	1,319,955
Interest and investment earnings					25,546	23,269	48,815
Miscellaneous					48,402	79,562	127,964
Transfers					(224,412)	224,412	-
<b>Total General Revenues and Transfers</b>					<b>3,162,905</b>	<b>327,243</b>	<b>3,490,148</b>
<b>Change in Net Position</b>					<b>526,036</b>	<b>123,312</b>	<b>649,348</b>
<b>Net Position Beginning of Year</b>					<b>10,264,740</b>	<b>7,167,406</b>	<b>17,432,146</b>
<b>Ending Net Position</b>					<b>\$ 10,790,776</b>	<b>\$ 7,290,718</b>	<b>\$ 18,081,494</b>

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

**CITY OF HELEN, GEORGIA**

Balance Sheet  
Governmental Funds  
June 30, 2020

	General Fund	Hotel / Motel Fund	Capital Projects Fund	Other Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 3,879,940	\$ -	\$ 483,961	\$ 551,098	\$ 37,621	\$ 4,952,620
Restricted cash	10,629	-	-	-	-	10,629
Intergovernmental receivable	99,290	-	63,893	-	-	163,183
Receivables (net)	97,802	176,753	-	-	-	274,555
Prepaid expenditures	110,071	-	-	-	-	110,071
Due from other funds	95,612	-	-	-	-	95,612
<b>Total Assets</b>	<b>4,293,344</b>	<b>176,753</b>	<b>547,854</b>	<b>551,098</b>	<b>37,621</b>	<b>5,606,670</b>
<b>Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 4,293,344</u></b>	<b><u>\$ 176,753</u></b>	<b><u>\$ 547,854</u></b>	<b><u>\$ 551,098</u></b>	<b><u>\$ 37,621</u></b>	<b><u>\$ 5,606,670</u></b>
<b>Liabilities</b>						
Accounts payable	\$ 12,623	\$ 77,330	\$ 68,777	\$ -	\$ -	\$ 158,730
Accrued expenses	44,805	-	-	-	-	44,805
Advances from other funds	-	-	-	314,179	-	314,179
Amounts held in trust	4,659	-	-	-	-	4,659
<b>Total Liabilities</b>	<b>62,087</b>	<b>77,330</b>	<b>68,777</b>	<b>314,179</b>	<b>-</b>	<b>522,373</b>
<b>Deferred Inflows of Resources</b>	<b>26,806</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,806</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>88,893</b>	<b>77,330</b>	<b>68,777</b>	<b>314,179</b>	<b>-</b>	<b>549,179</b>
<b>Fund Balances</b>						
Nonspendable:						
Prepaid expenditures	110,071	-	-	-	-	110,071
Restricted for:						
Capital projects	-	-	479,077	-	-	479,077
Law enforcement	-	-	-	-	37,063	37,063
Tourism	-	99,423	-	-	-	99,423
Committed for:						
Capital projects	-	-	-	236,919	-	236,919
Tree fund memorial	-	-	-	-	558	558
Unassigned	4,094,380	-	-	-	-	4,094,380
<b>Total Fund Balances</b>	<b>4,204,451</b>	<b>99,423</b>	<b>479,077</b>	<b>236,919</b>	<b>37,621</b>	<b>5,057,491</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 4,293,344</u></b>	<b><u>\$ 176,753</u></b>	<b><u>\$ 547,854</u></b>	<b><u>\$ 551,098</u></b>	<b><u>\$ 37,621</u></b>	<b><u>\$ 5,606,670</u></b>

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

**CITY OF HELEN, GEORGIA**  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 June 30, 2020

**Total Governmental Fund Balances** \$ 5,057,491

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$	14,792,236	
Less: Accumulated depreciation		<u>(8,627,539)</u>	
Total capital assets			6,164,697

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued personal leave not reported in governmental funds		(161,572)	
Capital leases		(296,646)	

Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

26,806

<b>Net Position of Governmental Activities</b>		<u>\$ 10,790,776</u>	
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The accompanying notes are an integral part of these financial statements.



**CITY OF HELEN, GEORGIA**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2020

	General Fund	Hotel / Motel Fund	Capital Projects Fund	Other Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property tax	\$ 469,866	\$ -	\$ -	\$ -	\$ -	469,866
Sales tax	1,012,178	-	-	-	-	1,012,178
Business tax	149,786	-	-	-	-	149,786
Franchise tax	137,063	-	-	-	-	137,063
Excise tax	229,162	-	-	-	-	229,162
Hotel/Motel tax	-	1,319,955	-	-	-	1,319,955
Intergovernmental	29,344	-	648,644	-	-	677,988
Licenses and permits	176,181	-	-	-	-	176,181
Fines and forfeitures	183,438	-	-	-	7,688	191,126
Charges for services	118,958	-	-	-	-	118,958
Interest	17,900	-	2,677	7,302	344	28,223
Miscellaneous	47,033	-	-	-	-	47,033
<b>Total Revenue</b>	<b>2,570,909</b>	<b>1,319,955</b>	<b>651,321</b>	<b>7,302</b>	<b>8,032</b>	<b>4,557,519</b>
<b>Expenditures</b>						
Current:						
General government	724,135	-	-	-	-	724,135
Judicial	21,790	-	-	-	-	21,790
Public safety	1,102,007	-	-	-	1,750	1,103,757
Public works	583,678	-	-	-	-	583,678
Recreation and culture	83,782	-	-	-	-	83,782
Housing and development	299,146	577,481	-	-	-	876,627
Debt Service:						
Interest Expenditure	12,437	-	-	-	-	12,437
Principal retirement	95,082	-	-	-	-	95,082
Capital Outlay	-	-	108,382	-	-	108,382
<b>Total Expenditures</b>	<b>2,922,057</b>	<b>577,481</b>	<b>108,382</b>	<b>-</b>	<b>1,750</b>	<b>3,609,670</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(351,148)</b>	<b>742,474</b>	<b>542,939</b>	<b>7,302</b>	<b>6,282</b>	<b>947,849</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	724,438	-	-	13,660	-	738,098
Transfers out	-	(724,438)	(238,072)	-	-	(962,510)
Insurance refunds and recoveries	1,369	-	-	-	-	1,369
<b>Total Other Financing Sources (Uses)</b>	<b>725,807</b>	<b>(724,438)</b>	<b>(238,072)</b>	<b>13,660</b>	<b>-</b>	<b>(223,043)</b>
<b>Net Change in Fund Balances</b>	<b>374,659</b>	<b>18,036</b>	<b>304,867</b>	<b>20,962</b>	<b>6,282</b>	<b>724,806</b>
<b>Beginning Fund Balance</b>	<b>3,829,792</b>	<b>81,387</b>	<b>174,210</b>	<b>215,957</b>	<b>31,339</b>	<b>4,332,685</b>
<b>Ending Fund Balance</b>	<b>\$ 4,204,451</b>	<b>\$ 99,423</b>	<b>\$ 479,077</b>	<b>\$ 236,919</b>	<b>\$ 37,621</b>	<b>\$ 5,057,491</b>

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

**CITY OF HELEN, 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 June 30, 2020

**Net Changes in Fund Balances-Total Governmental Funds** \$ 724,806

**Amounts reported as governmental activities in the Statement of Activities are different from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance because:**

Capital outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay.

Capital outlay	153,558	
Less: Current year depreciation	<u>(436,290)</u>	(282,732)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.

95,083

Compensated absences are reported in the Statement of Activities, but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated absence liability at June 30, 2019	172,960	
Compensated absence liability at June 30, 2020	<u>(161,572)</u>	11,388

Accrued interest and amortization of deferred charges are reported in the Statement of Activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest at June 30, 2019	1,145	
Accrued interest at June 30, 2020	<u>-</u>	1,145

Because some revenues will not be collected for several months after the City's fiscal year end, they are considered "available" revenues and are deferred in the governmental funds.

Deferred revenue at June 30, 2019	(50,460)	
Deferred revenue at June 30, 2020	<u>26,806</u>	(23,654)

**Change in Net Position of Governmental Activities** \$ 526,036

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

# CITY OF HELEN, GEORGIA

## Statement of Net Position

Proprietary Fund

June 30, 2020

	Water and Sewer Fund
<b>Current Assets</b>	
Cash and cash equivalents	\$ 1,738,265
Restricted cash and cash equivalents	115,603
Accounts receivable (net)	68,455
Prepaid expenses	18,524
Accrued revenue	16,117
<b>Total Current Assets</b>	<u>1,956,964</u>
<b>Noncurrent Assets</b>	
Advances to other funds	314,179
Capital assets	
Non-depreciable	419,257
Depreciable, net	5,820,265
<b>Total Noncurrent Assets</b>	<u>6,553,701</u>
<b>Total Assets</b>	<u>8,510,665</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>8,510,665</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	27,607
Accrued expenses	8,156
Due to other funds	95,612
Customer deposits	115,490
Intergovernmental loan	117,605
<b>Total Current Liabilities</b>	<u>364,470</u>
<b>Long-term Liabilities</b>	
Compensated absences	18,442
Intergovernmental loan	837,035
<b>Total Long-term Liabilities</b>	<u>855,477</u>
<b>Total Liabilities</b>	<u>1,219,947</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>1,219,947</u>
<b>Net Position</b>	
Net investment in capital assets	5,284,882
Unrestricted	2,005,836
<b>Total Net Position</b>	<u>\$ 7,290,718</u>

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

**CITY OF HELEN, GEORGIA**  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2020

	Water and Sewer Fund
<b>Operating Revenue</b>	
Charges for services	\$ 882,576
Connection fees	12,390
Miscellaneous income	79,562
<b>Total Operating Revenue</b>	974,528
<b>Operating Expenses</b>	
Personnel services:	
Salaries and wages	235,875
Employment taxes	14,972
Benefits	63,917
<b>Total Personnel Services</b>	314,764
Other operating expenses:	
Purchased water	21,476
Supplies	69,821
Insurance	20,804
Repairs and maintenance	155,445
Utilities	110,812
Engineering, lab fees, and training	4,909
Depreciation	371,693
Miscellaneous	6,235
<b>Total Other Operating Expenses</b>	761,195
<b>Total Operating Expenses</b>	1,075,959
<b>Operating Income (Loss)</b>	(101,431)
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	23,269
Interest expense	(22,938)
<b>Total Nonoperating Revenues and (Expenses)</b>	331
<b>Income (Loss) Before Contributions and Transfers</b>	(101,100)
Transfer in	238,072
Transfer (out)	(13,660)
<b>Change in Net Position</b>	123,312
<b>Net Position Beginning of Year</b>	7,167,406
<b>Net Position End of Year</b>	\$ 7,290,718

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

# CITY OF HELEN, GEORGIA

## Statement of Cash Flows

### Proprietary Fund

For The Year Ended June 30, 2020

	<u>Water and Sewer Fund</u>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 987,358
Payments to suppliers	(360,739)
Payments to employees	(303,136)
Net cash provided (used) by operating activities	<u>323,483</u>
<b>Cash flows from noncapital financing activities:</b>	
Transfer to other funds	(13,660)
(Increase) decrease in advances to other funds	244,775
Net cash provided (used) by noncapital financing activities	<u>231,115</u>
<b>Cash flows from capital and related financing activities:</b>	
Transfer from other funds	238,072
Acquisition and construction of capital assets	(462,847)
Debt payments, principal and interest	(138,195)
Net cash provided (used) by capital and related financing activities	<u>(362,970)</u>
<b>Cash flows from investing activities:</b>	
Interest income	23,269
Net cash provided (used) by investing activities	<u>23,269</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	214,897
Cash and cash equivalents, June 30, 2019	1,638,971
Cash and cash equivalents, June 30, 2020	<u>\$ 1,853,868</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (101,431)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	371,693
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	5,240
(Increase) decrease in prepaid expenses	(1,315)
Increase (decrease) in due to other funds	21,324
Increase (decrease) in accounts payable	8,754
Increase (decrease) in accrued expenses	981
Increase (decrease) in compensated absences	10,647
Increase (decrease) in customer deposits	7,590
Net cash provided (used) by operating activities	<u>\$ 323,483</u>

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

**CITY OF HELEN, GEORGIA**  
Notes to Financial Statements  
June 30, 2020

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

The financial statements of City of Helen, Georgia, have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and Accounting Principles Board (APB) opinions, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant of the government's accounting policies are described below.

**1-A The Reporting Entity**

The reporting entity is made up of the primary government and its component units.

The foundation of a primary government is a separately elected governing body--one that is elected by the citizens in a general, popular election. As the nucleus of the financial reporting entity, the primary government generally is the focal point for the users of the financial statements. A primary government is any state government or general purpose local government (municipality or county) that meets all of the following criteria:

- a. It has a separately elected governing body.
- b. It is legally separate.
- c. It is fiscally independent of other state and local governments.

All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of a primary government.

The following circumstances set forth a primary government's financial accountability for a legally separate organization.

The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

There are no entities which qualify as component units or potential component units of the City of Helen, Georgia.

**1-B Basis of Presentation and Basis of Accounting**

**Basis of Presentation – Government-Wide and Fund Financial Statements**

*Government-Wide Statements:* The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the City's funds. Separate statements for each fund category- governmental and proprietary are presented. The emphasis of fund financial statements is on major

**CITY OF HELEN, GEORGIA**  
Notes to Financial Statements  
June 30, 2020

governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The City reports the following major governmental funds:

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

*Hotel/Motel Tax Fund.* This is a special revenue fund which accounts for the receipt and expenditure of Hotel/Motel tax revenues.

*Capital Projects Fund.* This fund accounts for resources set aside by the City for capital projects and also capital projects funded by *Special Purpose Local Option Sales Taxes*. The SPLOST provides financial resources which are to be expended for purposes approved by referendum.

*Other Capital Projects Fund.* The City set aside this fund for major downtown renovations. All expenditures are approved by the City Commission.

The City reports the following major proprietary fund:

*Water and Sewer Fund.* This fund accounts for the operations of the City's water and sewer services.

Proprietary fund operating revenues and expenses result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues and expenses, such as subsidies, investment earnings or interest expense, result from non-exchange transactions or ancillary activities.

Receivables from and payables to external parties are reported separately and not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

**Basis of Accounting – Measurement Focus**

*Government-Wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and adjustments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted

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and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**1-C Assets, Liabilities, and Equity**

**Investments**

As of June 30, 2020, the City did not have investments, nor are investments authorized.

**Cash and Cash Equivalents**

The City considers short-term liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates to be cash equivalents. Only investments with original maturities of three months or less meet this definition. Non-negotiable certificates of deposit are considered to be cash equivalents.

**Restricted Assets**

These assets are held in the capital projects fund and special revenue funds for specific purposes defined by statute, referendum, or grant contract and not generally available for general government operations. Restricted assets held in the Water & Sewer fund are related to refundable customer deposits.

**Interfund Receivables and Payables**

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "interfund balances" or "advances to/from other funds" and eliminated on the Statement of Net Position.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**Receivables**

All trade accounts receivable for the City of Helen, are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of ninety days comprise the trade accounts receivable allowance for uncollectibles.

**Property Tax Calendar**

The City set its millage rate for 2019 on July 25, 2019 at 5.768 mils. Property tax bills were mailed on August 22, 2019 and were due November 15, 2019. Penalties and interest are due on all accounts not paid by the due date. Fifa's on delinquent tax accounts could be filed on December 15, 2019. The City contracts with the White County Tax Commissioner's Office to process tax bills, collect and remit tax payments. The fee for this service is \$5.00 per tax bill.

**Inventories and Prepaid Items**

Inventories are valued at the lower of cost or market. In the governmental funds, the costs of inventory items are recorded as expenditures at the time of purchase. The City maintains no significant inventories. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial



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statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of donation.

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

<u>Assets</u>	<u>Years</u>
Buildings	35
Building improvements	35
Infrastructure	20-25
Equipment	5-25
Vehicles	7-15

#### **Compensated Absences**

General leave for the City includes both vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued leave earned not to exceed the number of leave hours outlined in the employee policy manual.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations. Vested or accumulated general leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. The balance of compensated absences is recorded as a noncurrent liability and disclosed as a long term debt.

#### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

#### **Retirement Plans**

The City sponsors the Helen Section 457 Deferred Compensation Plan, a defined contribution plan, for the benefit of its employees. All funding is from employee deferrals. In order to participate, an employee must work for the City for at least six months. From six months to two years, the employee contributes a percentage of salary. From year two to year five, the City will match up to 5% of the employee's salary. After the fifth year of employment, the City will match up to 10% of the employee's salary. The plan holds its assets in a separate trust invested in annuity contracts in the name of each participant and consequently is not reported on the City's financial statements. As administrator of the plan, the City may amend the plan at its discretion. For the year ending June 30, 2020, the fifteen (15) employee/participants contributed \$38,895 to the plan, and the employer matched with a contribution of \$33,911.

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**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently the City does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently the City has two revenue sources in 2020: property taxes and fines and forfeitures, that qualifies for reporting as *deferred inflows of resources*.

**1-D Fund Equity**

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

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

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

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

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

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Commission has authorized the City's finance officer to assign fund balances.

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

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

Committed  
Assigned  
Unassigned

Net position - Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net positions are reported as

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

**NOTE 2. CASH**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities.

The City's custodial credit risk policy is to require all banks to collateralize the City's deposits at 110% of account balances and to have a perfected security agreement supporting the collateral agreement with the bank. The City does not have a foreign credit risk.

At June 30, 2020, all bank deposits were insured or fully collateralized.

**NOTE 3. RECEIVABLES**

The following is a summary of amounts due from others at June 30, 2020.

Governmental Activities:	
Property taxes receivable - net	\$ 11,541
Hotel/motel taxes receivable - net	176,753
Franchise taxes receivable	6,635
Other taxes receivable - net	30,799
Fines receivable - net	46,378
Sanitation receivable -net	2,449
Due from other governments - SPLOST	63,893
Due from other governments - LOST	99,290
Total Governmental Receivables:	\$ 437,738
Business-type Activities:	
Water sewer fees receivable - net	\$ 68,455
Total Business-type Receivables:	\$ 68,455

**NOTE 4. LITIGATION**

The Attorneys for the City have advised that there are no known legal matters which will have a material effect on the City's financial condition. No provision has been made to provide reserves for litigation settlements.

**NOTE 5. LONG-TERM DEBT**

The City's long-term debt consists of obligations under capital leases and revenue bonds and notes payable. The following is a summary of changes in long-term debt for the year ended June 30, 2020. The amounts reported as long-term debt in the Statement of Net Position represents amounts not expected to be paid with expendable available resources. The interest expense reported in the government-wide Statement of Activities for governmental activities is \$12,437 which was paid as a direct cost of long-term debt. In business-type activities, the City incurred \$22,938 as a direct cost of long-term debt.

**Governmental Activities Debt** – The following is a summary of the outstanding debt for the City's governmental activities.

**Capital Leases** -- The City has entered into capital lease agreements as lessee for financing the acquisition of land, police vehicles, equipment and a building. These leases qualify as capital leases for accounting purposes (i.e., title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the

**CITY OF HELEN, GEORGIA**  
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date of the inception of the lease. Capital lease payments are reflected as debt service expenditures at the fund reporting level. The City has two capital lease arrangements outstanding at June 30, 2020.

On January 31, 2017 the City entered into a capital lease to finance the acquisition of a fire truck for the fire department. The city negotiated a capital lease with BB&T as a rate of 2.52%, with 10 annual payments of \$46,528.40 with a maturity date of January 31, 2027.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Land	\$ 211,250
Buildings	470,139
Equipment	506,148
Less: Accumulated Depreciation	(300,017)
	\$ 887,520

Amortization expense is included with depreciation.

The outstanding balance of the corresponding liabilities is included in governmental activities long-term debt. Future minimum lease payments are as follows:

Total of all governmental capital leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	39,089	7,439	46,528
2022	40,074	6,454	46,528
2023	41,084	5,444	46,528
2024	42,119	4,409	46,528
2025	43,181	3,347	46,528
2026-2027	91,099	2,589	93,688
Totals	\$ 296,646	\$ 29,682	\$ 326,328

**Business-Type Activities Debt** – All reported as intergovernmental loans.

**Intergovernmental Loans**

In October 2005, the City received a loan from GEFA in the amount of \$724,687, in order to repair tornado damage to the City's waste treatment facility. Those repairs were completed as of June 30, 2007, and the draw note was converted to a permanent loan to be amortized over 20 years at an interest rate of 3.73%, amortized quarterly, with payments of \$12,894, with a maturity date of December 1, 2026.

In August 2009, the City received a loan from Georgia Environmental Facilities Authority to borrow \$1,288,000 for the rehabilitation of the city's wastewater treatment facility. In accordance with the American Recovery and Reinvestment Act of 2010 ("ARRA") the lender has agreed to forgive 70% of the loan balance once construction is completed. Construction on the wastewater treatment facility was completed on June 30, 2012. The remaining 30% balance totaling \$386,400 is a 20 year note at 3.00 percent interest repaid by the City in monthly installments of \$2,143 beginning on January 1, 2013.

On November 18, 2014, the City signed a loan agreement administered by the Georgia Environmental Facilities Authority to finance the construction of Hamby Street water line and construction of a new well. Construction on the project is completed

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as of June 30, 2017. The loan in the amount of \$309,041 is a 10 year note at 0.66% interest repaid by the City in monthly installments of \$2,662 beginning on April 1, 2017.

On July 15, 2015, the City signed a loan agreement administered by the Georgia Environmental Facilities Authority to finance the construction of Willow Pond Sewer Line Replacement Project. Construction on the project is completed as of June 30, 2017. The loan for \$281,000 is a 10 year note at 0.50% interest repaid by the City in monthly installments of \$2,401 beginning on November 1, 2016.

The maturities and debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	117,605	20,419	138,024
2022	120,093	17,957	138,050
2023	122,603	15,447	138,050
2024	125,202	12,848	138,050
2025	127,885	10,165	138,050
2026-2030	279,385	20,879	300,264
2031-2033	61,867	2,429	64,296
<b>Totals:</b>	<b>\$ 954,640</b>	<b>\$ 100,144</b>	<b>\$ 1,054,784</b>

**Changes in Long-Term Debt** – Changes in the City’s long-term obligations, including current portions, consisted of the following for the year ended June 30, 2020:

**Changes in long-term debt:**

	Balance as of June 30, 2019	Additions	Reductions	Balance as of June 30, 2020	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 172,960	\$ -	\$ (11,388)	\$ 161,572	\$ -
Lease Payable	391,729	-	(95,083)	296,646	39,089
<b>Total governmental activities</b>	<b>\$ 564,689</b>	<b>\$ -</b>	<b>\$ (106,471)</b>	<b>\$ 458,218</b>	<b>\$ 39,089</b>
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 7,795	\$ 10,647	\$ -	\$ 18,442	\$ -
Intergovernmental Loans	1,069,897	-	(115,257)	954,640	117,605
<b>Total business-type activities</b>	<b>\$ 1,077,692</b>	<b>\$ 10,647</b>	<b>\$ (115,257)</b>	<b>\$ 973,082</b>	<b>\$ 117,605</b>

Compensated absences are composed of accumulated personal leave pay at June 30, 2020, which will be paid from the General fund and the Water and Sewer fund.

**NOTE 6. DEFERRED INFLOWS OF RESOURCES**

The City’s governmental funds report deferred inflows of resources as shows below:

<b>Governmental Fund Financial Statements:</b>	
Property Taxes	\$ 3,650
Fines	23,156
<b>Total Deferred Inflows of Resources</b>	<b>\$ 26,806</b>

**CITY OF HELEN, GEORGIA**  
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The deferred inflows of resources are imposed non-exchange transactions which is received beyond the City's period of availability.

**NOTE 7. RISK MANAGEMENT**

The City purchases Workers Compensation Insurance through the Georgia Municipal Association Worker's Compensation Self Insurance Fund. The City's policy year starts on January 1<sup>st</sup> and ends on December 31<sup>st</sup> of each year. The premium for the policy year of 2020 was \$87,733. The City also purchases General Liability Insurance through the Georgia Interlocal Management Agency. The City's policy year starts May 1<sup>st</sup> and ends on April 30<sup>th</sup> of each year. The premium paid during the year ending June 30, 2020 for the policy year ending April 30, 2021 was \$86,256.

As part of these risk pools, the Government is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The Government is also to allow the pool's agents and attorneys to represent the Government in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government 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 costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

With respect to other types of risk including torts, theft or destruction of assets, errors of omissions, and acts of God, the City has purchased sufficient insurance and, therefore, transferred risk of loss. There have been no settlements in the previous three years in excess of insurance.

**NOTE 8. HOTEL-MOTEL TAX COMPLIANCE**

As required by code section 48-13-51 of the O.C.G.A the city is required to contract with an independent nonprofit entity to spend 40% of the first 5% of the tax assessed on the promotion of tourism and trade. In addition, 50% of the amount assessed over 5% must also be expended for promotion of tourism and trade through the independent nonprofit entity. The remaining 50% of the additional 3% must be retained by the City and expended for the promotion of tourism and trade. At June 30, 2020 the City funds the Alpine Helen/White County Convention and Visitors Bureau for the expenditure of this tax revenue and provides the CVB with 43.75% percent of total tax collections. The City of Helen, Georgia is in compliance with O.C.G.A 48-13-51 for the year ending June 30, 2020.

Tax Collections	\$	1,319,955
Amount Provided to CVB	\$	577,481
City Promotion Expenditures	\$	724,438

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**NOTE 9. BUDGETS**

The following are Governmental Funds for which budgets were legally adopted:

Department	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Variance with Final Budget Over (Under)
<b>General Fund</b>			
General Government	\$ 753,000	\$ 724,135	\$ (28,865)
Judicial	23,340	21,790	(1,550)
Public Safety	1,274,162	1,102,007	(172,155)
Public Works	667,918	583,678	(84,240)
Recreation & Culture	85,000	83,782	(1,218)
Housing & development	481,100	299,146	(181,954)
Debt service - principal	95,087	95,082	(5)
Debt Service - interest	12,462	12,437	(25)
Transfers Out	-	-	-
<b>Hotel/Motel Fund</b>			
Housing & development	577,875	577,481	(394)
Transfers Out	725,125	724,438	(687)
Police Technology Fund	10,500	1,750	(8,750)
Tree Fund	-	-	-
	<u>\$ 4,705,569</u>	<u>\$ 4,225,726</u>	<u>\$ (479,843)</u>

The legal level of control for this government is at the departmental level, which is the basis for the Budgetary Comparison Schedule.

**NOTE 10. CAPITAL ASSETS**

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
<b>Non-Depreciable Assets:</b>					
Land	1,711,488	\$ -	\$ -	\$ -	\$ 1,711,488
Construction in Progress	-	-	-	-	-
Total non-depreciable capital assets	<u>1,711,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,711,488</u>
<b>Depreciable Assets:</b>					
Buildings & Improvements	3,018,363	30,980	-	6,675	3,056,018
Machinery & Equipment	496,200	41,502	7,716	-	529,986
Vehicles	1,317,877	25,827	-	-	1,343,704
Infrastructure	8,102,466	55,249	-	(6,675)	8,151,040
Total depreciable capital assets	<u>12,934,906</u>	<u>153,558</u>	<u>7,716</u>	<u>-</u>	<u>13,080,748</u>
<b>Accumulated Depreciation:</b>					
Buildings & Improvements	1,658,632	89,154	-	18,798	1,766,584
Machinery & Equipment	401,627	39,571	7,716	-	433,482
Vehicles	816,479	72,721	-	-	889,200
Infrastructure	5,322,227	234,844	-	(18,798)	5,538,273
Total accumulated depreciation	<u>8,198,965</u>	<u>436,290</u>	<u>7,716</u>	<u>-</u>	<u>8,627,539</u>
Total depreciable capital assets, net	<u>4,735,941</u>	<u>(282,732)</u>	<u>-</u>	<u>-</u>	<u>4,453,209</u>
Governmental activities capital assets, net	<u>\$ 6,447,429</u>	<u>\$ (282,732)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,164,697</u>

**CITY OF HELEN, GEORGIA**  
Notes to Financial Statements  
June 30, 2020

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
<b>Business-type Activities:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 225,857	\$ 67,552	\$ -	\$ -	\$ 293,409
Construction in progress	592,349	113,812	-	(580,313)	125,848
Total non-depreciable capital assets	818,206	181,364	-	(580,313)	419,257
<b>Depreciable Assets:</b>					
Buildings and improvements	22,982	131,843	-	-	154,825
Machinery and equipment	958,400	-	1,516	-	956,884
Water sewer system	9,691,561	149,640	-	580,313	10,421,514
Total depreciable capital assets	10,672,943	281,483	1,516	580,313	11,533,223
<b>Accumulated Depreciation:</b>					
Buildings and improvements	21,670	2,877	-	-	24,547
Machinery and equipment	873,063	23,831	1,516	-	895,378
Water sewer system	4,448,048	344,985	-	-	4,793,033
Total accumulated depreciation	5,342,781	371,693	1,516	-	5,712,958
Total depreciable capital assets, net	5,330,162	(90,210)	-	580,313	5,820,265
<b>Business-type activities capital assets, net</b>	<b>\$ 6,148,368</b>	<b>\$ 91,154</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,239,522</b>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities:</b>	
General Government	\$ 56,272
Public Safety	92,776
Public Works	287,242
<b>Total depreciation expense - governmental activities</b>	<b>\$ 436,290</b>
<b>Business-type Activities:</b>	
Water and Sewer	\$ 371,693
<b>Total depreciation expense - business-type activities</b>	<b>\$ 371,693</b>

**NOTE 11. INTERFUND BALANCES AND TRANSFERS**

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. As of June 30, 2020, the interfund balance were as follows:

**Interfund Balances:**

<u>Due To:</u>	<u>Due From:</u>	
	Water & Sewer Fund	Total
General Fund	\$ 95,612	\$ 95,612
	\$ 95,612	\$ 95,612

**Advances Between Funds:**

<u>Advances To:</u>	<u>Advance From:</u>	
	Water & Sewer Fund	Total
Other Capital Projects Fund	\$ 314,179	\$ 314,179
	\$ 314,179	\$ 314,179



**CITY OF HELEN, GEORGIA**  
Notes to Financial Statements  
June 30, 2020

This government reports interfund transfers between many of its funds. Some of the transfers are considered immaterial and are aggregated into a single column or row titled *Other Funds*. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. These transfers have been eliminated from the government-wide financial statements.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

<u>Transfer To:</u>	<u>Transfer From:</u>			Total
	Hotel / Motel Fund	Capital Projects Fund	Water and Sewer Fund	
General Fund	\$ 724,438	\$ -	\$ -	\$ 724,438
Other Capital Projects Fund	-	-	13,660	13,660
Water and Sewer Fund	-	238,072	-	238,072
	<u>\$ 724,438</u>	<u>\$ 238,072</u>	<u>\$ 13,660</u>	<u>\$ 976,170</u>

**NOTE 12. ALLOWANCE FOR UNCOLLECTABLE TAXES AND ACCOUNTS**

The balance of taxes and accounts receivable at June 30, 2020, are net of the following allowances for doubtful accounts.

Governmental Activities:	
Property taxes receivable	\$ 117
Fines receivable	19,648
Solid waste receivable	4,636
Total Governmental Allowance for Bad Debts:	<u>\$ 24,401</u>
Business-type Activities:	
Water sewer fees receivable	\$ 18,388
Total Business-type Allowance for Bad Debts:	<u>\$ 18,388</u>

**NOTE 13. JOINT VENTURES**

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission and is required to pay annual dues thereto. During its year ended June 30, 2020, the City paid \$597 in such dues. Membership in the Commission 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 Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the Commission. Separate financial statements may be obtained from:

Georgia Mountains Regional Commission  
1310 W. Ridge Road  
Gainesville, GA 30501

**CITY OF HELEN, GEORGIA**  
Notes to Financial Statements  
June 30, 2020

**NOTE 14. GEFA LOAN DEBT COVENANTS**

The terms and conditions of GEFA loan resolution have been examined for the fiscal year ending June 30, 2020. The City is in compliance with all covenants.

**NOTE 15. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 19, 2021.

**CITY OF HELEN, GEORGIA**  
**Budgetary Comparison Schedule**  
**General Fund**

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Differences Over / (Under)	GAAP Basis	Final Budget
<b>Revenues</b>						
Property tax	\$ 542,200	\$ 542,200	\$ 469,866	\$ -	\$ 469,866	\$ (72,334)
Sales tax	875,000	875,000	1,012,178	-	1,012,178	137,178
Business tax	150,050	150,050	149,786	-	149,786	(264)
Franchise tax	128,500	128,500	137,063	-	137,063	8,563
Excise tax	217,100	217,100	229,162	-	229,162	12,062
Intergovernmental	25,500	25,500	29,344	-	29,344	3,844
Licenses and permits	165,690	165,690	176,181	-	176,181	10,491
Fines and forfeitures	151,700	151,700	183,438	-	183,438	31,738
Charges for services	91,705	91,705	118,958	-	118,958	27,253
Investment earnings	12,000	12,000	17,900	-	17,900	5,900
Contributions and donations	14,000	14,000	-	-	-	(14,000)
Miscellaneous	41,000	41,000	47,033	-	47,033	6,033
<b>Total Revenues</b>	<b>2,414,445</b>	<b>2,414,445</b>	<b>2,570,909</b>	<b>-</b>	<b>2,570,909</b>	<b>156,464</b>
<b>Expenditures</b>						
<b>Current Operating:</b>						
General government	756,000	753,000	724,135	-	724,135	(28,865)
Judicial	23,340	23,340	21,790	-	21,790	(1,550)
Public safety	1,274,162	1,274,162	1,102,007	-	1,102,007	(172,155)
Public works	667,918	667,918	583,678	-	583,678	(84,240)
Recreation and culture	82,000	85,000	83,782	-	83,782	(1,218)
Housing and development	481,100	481,100	299,146	-	299,146	(181,954)
Debt service	107,549	107,549	107,519	-	107,519	(30)
<b>Total Expenditures</b>	<b>3,392,069</b>	<b>3,392,069</b>	<b>2,922,057</b>	<b>-</b>	<b>2,922,057</b>	<b>(470,012)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(977,624)</b>	<b>(977,624)</b>	<b>(351,148)</b>	<b>-</b>	<b>(351,148)</b>	<b>626,476</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	703,125	703,125	724,438	-	724,438	21,313
Insurance refunds and recoveries	-	-	1,369	-	1,369	1,369
Budgeted Fund Balance	274,499	274,499	-	-	-	(274,499)
<b>Total Other Financing Sources (Uses)</b>	<b>977,624</b>	<b>977,624</b>	<b>725,807</b>	<b>-</b>	<b>725,807</b>	<b>(251,817)</b>
<b>Net Change in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>374,659</b>	<b>\$ -</b>	<b>374,659</b>	<b>\$ 374,659</b>
<b>Fund Balance Beginning of Year</b>			<b>3,829,792</b>		<b>3,829,792</b>	
<b>Fund Balance End of Year</b>			<b>\$ 4,204,451</b>		<b>\$ 4,204,451</b>	

**CITY OF HELEN, GEORGIA**  
**Budgetary Comparison Schedule**  
**Hotel / Motel Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Differences</u> <u>Over / (Under)</u>	<u>GAAP Basis</u>	<u>Final Budget</u>
<b>Revenues</b>						
Hotel/Motel tax	\$ 1,250,000	\$ 1,303,000	\$ 1,319,955	\$ -	\$ 1,319,955	\$ 16,955
<b>Total Revenues</b>	<u>1,250,000</u>	<u>1,303,000</u>	<u>1,319,955</u>	<u>-</u>	<u>1,319,955</u>	<u>16,955</u>
<b>Expenditures</b>						
Current Operating:						
Housing and development	546,875	577,875	577,481	-	577,481	(394)
<b>Total Expenditures</b>	<u>546,875</u>	<u>577,875</u>	<u>577,481</u>	<u>-</u>	<u>577,481</u>	<u>(394)</u>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over (Under) Expenditures</b>	<u>703,125</u>	<u>725,125</u>	<u>742,474</u>	<u>-</u>	<u>742,474</u>	<u>17,349</u>
<b>Other Financing Sources (Uses)</b>						
Transfers out	(703,125)	(725,125)	(724,438)	-	(724,438)	(687)
<b>Total Other Financing Sources (Uses)</b>	<u>(703,125)</u>	<u>(725,125)</u>	<u>(724,438)</u>	<u>-</u>	<u>(724,438)</u>	<u>(687)</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>18,036</u>	<u>\$ -</u>	<u>18,036</u>	<u>\$ 18,036</u>
<b>Fund Balance Beginning of Year</b>			81,387		81,387	
<b>Fund Balance End of Year</b>			<u>\$ 99,423</u>		<u>\$ 99,423</u>	

**CITY OF HELEN, GEORGIA**  
Notes to Required Supplementary Information  
on Budgetary Accounting and Control  
Year Ended June 30, 2020

**BUDGETARY ACCOUNTING AND CONTROL**

**Budget Law**

The City prepares its annual operating budget under the provisions of the official Code of Georgia. In accordance with those provisions, the following process is used to adopt the annual budget:

- (a). Prior to June 1, the City Finance Officer submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- (b). Public hearings are conducted in November or December to obtain taxpayer comments. Public hearings are normally scheduled no later than 15 days prior to the beginning of the budget year.
- (c). Subsequent to the public hearings, the budget is legally enacted through the passage of a resolution by the City Commission.

All governmental funds with revenues and/or expenditures as defined by State law are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is at the department level within a fund.

**Budgetary Accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Commission. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

**Budget Amendments**

An amendment to the original budget appropriations was properly approved by the City Commission. For the year ended June 30, 2020, the following supplemental increases and decreases in appropriations were adopted:

Department	Original Budget	Supplemental Appropriations	Supplemental Decreases	Revised Appropriations
<b>General Fund</b>				
General Government	\$ 756,000	\$ -	\$ 3,000	\$ 753,000
Judicial	23,340	-	-	23,340
Public Safety	1,274,162	-	-	1,274,162
Public Works	667,918	-	-	667,918
Housing and Development	481,100	-	-	481,100
Recreation & Culture	82,000	3,000	-	85,000
Debt Service	107,549	-	-	107,549
	<u>\$ 3,392,069</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 3,392,069</u>
<b>Hotel/Motel Fund</b>				
Recreation & Culture	\$ 546,875	\$ 31,000	\$ -	\$ 577,875
Transfers Out	703,125	22,000	-	725,125
	<u>\$ 1,250,000</u>	<u>\$ 53,000</u>	<u>\$ -</u>	<u>\$ 1,303,000</u>

**CITY OF HELEN, GEORGIA**

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2020

	Tree Fund	Police Technology Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 558	\$ 37,063	\$ 37,621
<b>Total Assets</b>	<u>558</u>	<u>37,063</u>	<u>37,621</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 558</u>	<u>\$ 37,063</u>	<u>\$ 37,621</u>
<b>Liabilities</b>			
<b>Total Liabilities</b>			
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>			
Restricted for:			
Law Enforcement	-	37,063	37,063
Committed for:			
Tree fund memorial	558	-	558
<b>Total Fund Balance</b>	<u>558</u>	<u>37,063</u>	<u>37,621</u>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<u>\$ 558</u>	<u>\$ 37,063</u>	<u>\$ 37,621</u>

**CITY OF HELEN, GEORGIA**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2020

	Tree Fund	Police Technology Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Fines and forfeitures	\$ -	\$ 7,688	\$ 7,688
Interest	5	339	344
<b>Total Revenue</b>	<u>5</u>	<u>8,027</u>	<u>8,032</u>
<b>Expenditures</b>			
Current:			
Public safety	-	1,750	1,750
<b>Total Expenditures</b>	<u>-</u>	<u>1,750</u>	<u>1,750</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	5	6,277	6,282
<b>Other Financing Sources (Uses)</b>			
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	5	6,277	6,282
<b>Fund Balances Beginning of Year</b>	553	30,786	31,339
<b>Fund Balances End of Year</b>	<u>\$ 558</u>	<u>\$ 37,063</u>	<u>\$ 37,621</u>



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

To the Mayor and City Commission  
City of Helen, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, and each major fund and the aggregate remaining fund information of the City of Helen, Georgia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Helen, Georgia's basic financial statements and have issued our report thereon dated January 19, 2021.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**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.

*Walker, Pierce & Tuck, CPA's, P.C.*

Walker, Pierce & Tuck, CPA's, P.C.  
Gainesville, Georgia  
January 19, 2021



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**CITY OF HELEN, GEORGIA**  
Schedule of Special Purpose Local Option Sales Tax  
Estimated Cost and Expenditure Summary  
For the Year Ended June 30, 2020

<u>Project Description</u>	<u>Estimated Cost</u>		<u>Expenditures</u>		<u>Total</u>
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	
<b>SPLOST 2014</b>					
Water/Wastewater Improvements	\$ 974,909	\$ 974,909	\$ 951,602	\$ 238,072	\$ 1,189,674
Roads, Streets, Bridges, and Sidewalk Projects	1,170,039	1,170,039	770,148	60,599	830,747
Acquisition and Capital Improvement of Public Building	225,017	225,017	154,290	30,980	185,270
Acquisition and Improvement of Computer and Communication Equipment	100,035	100,035	14,694	16,803	31,497
Total:	<u>\$ 2,470,000</u>	<u>\$ 2,470,000</u>	<u>\$ 1,890,734</u>	<u>\$ 346,454</u>	<u>\$ 2,237,188</u>