CITY OF PINE LAKE, GEORGIA

REQUIRED REPORTS
IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

JAMES L. WHITAKER, P.C.

CERTIFIED PUBLIC ACCOUNTANT

SNELLVILLE, GEORGIA 30078

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REQUIRED REPORTS IN ACCORDANCE
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FOR THE YEAR ENDED DECEMBER 31, 2019

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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, 2019, 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 June 29, 2020.

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.

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

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. We consider the deficiencies described as items 2010.006 through 2016.002 in the accompanying schedule of findings and responses 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 L. Whitaker, P.C.

Snellville, Georgia
June 29, 2020

CITY OF PINE LAKE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

FINDINGS - FINANCIAL STATEMENT AUDIT — **QUESTIONED COST**

2010.006 BEGINNING GENERAL LEDGER BALANCES NOT ADJUSTED - REPEAT FINDING

		QUESTIONED COST
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.	N/A
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.	

View of responsible officials and planned corrective action:

Management agrees with the finding and will investigate the possibility of obtaining a software package that better meets the requirements of a governmental organization.

2010.010 CAPITAL ASSET RECORDS AND INVENTORY - REPEAT FINDING

		QUESTIONED COST
Condition:	The City's capital asset records do not provide sufficient detail to be able to identify the individual assets owned by the City. In 2012 the City did perform a detail inventory of its capital assets which now needs to be valued and reconciled to the general ledger and the City's depreciation schedule.	N/A
Criteria:	Records of capital assets owned by the City should be of sufficient detail to enable personnel to properly identify individual assets. Physical inventories of capital assets should be performed on a regular basis to determine the existence and the condition of the assets.	
Effect:	Records of the existence and condition of many of the City capital assets are not being maintained and errors or fraud could occur and not be identified by City personnel in a timely manner.	
Cause:	Management was not aware that such records should be maintained or that a physical inventory should be performed on a regular basis.	
Recommendation:	Management should review purchasing recorded for the capital assets identified during the physical inventory taken in 2012 and reconcile the physical inventory to the general ledger and the depreciation schedule.	

View of responsible officials and planned corrective action:

Management agrees with the finding. Management will review its purchasing records for the assets identified during the physical inventory taken in 2012. A reconciliation will then be performed between the physical inventory and the general ledger and depreciation schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT — **QUESTIONED COST**

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

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

View of responsible officials and planned corrective action:

Management agrees with the finding and will investigate the possibility of obtaining a software package that better meets the requirements of a governmental organization.

2016.001 RECONCILIATION OF RECEIVABLES - REPEAT FINDING

		QUESTIONED COST
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.	N/A
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.	

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 August 2020.

FINDINGS--FINANCIAL STATEMENTS AUDIT | **QUESTIONED COST**

2016.002 NEED FOR WRITTEN ACCOUNTING POLICIES AND PROCEDURES - REPEAT FINDING

Condition:	Currently the City does not have an approved written document that provides all the significant accounting policies, procedures and processes that have been properly approved by the City Council.	N/A
Criteria:	City employees should have available to them a written document that they may review in order for them to maintain a clear understanding of how their duties should be performed and the flow of responsibility with the City administration.	
Effect:	City employees do not have a written document that provides them with the approved policies, procedures and processes that they should follow in carrying out their duties.	
Cause:	Management has not prepared a written document that maintains all up to date policies, procedures and processes.	
Recommendation:	A written document should be prepared that maintains up-to-date policies, procedures and processes that employees may reference in order to properly perform their duties.	

View of responsible officials and planned corrective action:

Management agrees with the finding. Management will review all significant policies, procedures and processes of the City and will organize them in a written document. An employee will be given the responsibility for ensuring the document is maintained for all changes that may occur.

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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, 2019. 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, 2019, in conformity with accounting principles generally accepted in the United States of America.

James L. Whitaker, P.C.

Snellville, Georgia
June 29, 2020

CITY OF PINE LAKE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES BEGINNING OF YEAR	EXPENDITURES CURRENT YEAR	EXPENDITURES TO DATE	ESTIMATED PERCENT COMPLETE
Administrative	$ -	$ 149	$ -	$ 149	0.0%
Renovation / expansion public safety and courts	300,000	-	-	-	0.0%
Police dash cameras	20,000	-	-	-	0.0%
Renovation / repairs of City Hall	70,000	-	-	-	0.0%
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	-	1,748	1,748	1.0%
Police vehicle	45,000	-	-	-	0.0%
Public works enhanced gate repairs	7,000	-	-	-	0.0%
	$ 765,500	$ 149	$ 1,748	$ 1,897	

CITY OF PINE LAKE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
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Valerie Caldwell

From:	James Whitaker <jwhitaker@jameslwhitakerpc.com>
Sent:	Thursday, January 2, 2020 11:25 AM
To:	Valerie Caldwell
Subject:	audit info request
Attachments:	INFORMATION REQUEST DECEMBER 31 AUDITS.xls

Valerie,

I have attached the audit information request for the 2019 audit. Please note that the highlighted items on the list may need to be printed after all daily transactions have been posted for December 31, 2019 in order to have a proper cut-off.

If you have any questions regarding the attached information request, please do not hesitate to call me.

Thanks for your help!

Jimmy Whitaker, CPA
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