

GOING FURTHER

CITY OF SOCIAL CIRCLE,
GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024



CPAs & ADVISORS

CITY OF SOCIAL CIRCLE, GEORGIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

Prepared by:
City of Social Circle Finance Department

INTRODUCTORY SECTION

CITY OF SOCIAL CIRCLE, GEORGIA

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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CITY OF SOCIAL CIRCLE, GEORGIA

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of City Council
City of Social Circle, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Social Circle, Georgia** (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios – retirement plan and schedule of city contributions – retirement plan, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia §48-8-121, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively, the "supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 March 31, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 31, 2025

**CITY OF SOCIAL CIRCLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Social Circle, Georgia we present management's analysis of the City's financial condition and activities for the fiscal year that ended June 30, 2024. This information should be read and considered in conjunction with the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2024 by \$32,355,849 (total net position).
- Of this amount, \$1,627,057 (unrestricted net position) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$1,986,150.
- At the close of the fiscal year 2024 the City's governmental funds reported combined ending fund balances of \$5,070,148. Of this amount, \$2,322,102, or 45.80% is available for spending at the government's discretion (Unassigned fund balance). The remaining balance of \$2,748,046, is allocated as \$487,868 (Non-Spendable), and \$2,260,178 (Restricted).

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City of Social Circle's basic financial statements. The City's basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A should be read and considered with the basic audited financial statements and supplementary information.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the City's finances in a manner similar to enterprises and can be found on pages 14 through 16 of this report.

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

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the city include general government, judicial, public safety, public works, health and

welfare, culture and recreation, and housing and development. The business-type activities of the city include water and sewer, natural gas, and solid waste management.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the City's funds can be divided into governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund, ARPA Fund and SPLOST Fund, which are considered major funds. The data from the three other funds, the non-major funds, are aggregated into a single presentation. The individual fund data for these funds are in the combined statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison has been provided to demonstrate compliance with this budget. The City also adopted an annual budget for its special revenue and permanent funds. A project-length budget was adopted for the capital project fund. Budgetary comparisons for the non-major funds are included as supplementary information. The City's legal level of budgeting control is at the department level for the General Fund and at the total expenditure level for the remaining funds.

The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its solid waste operations, water and sewer system operations, and natural gas system operations, and can be found on pages 21 through 24 of this report.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The Water and Sewer Fund and the Natural Gas Fund are major funds of the City. The Solid Waste Fund is reported as a non-major fund.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting for the City's fiduciary fund is

much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the financial statements. The notes which can be found beginning on page 27 of this report provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events if any.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's obligation to fund pension benefits to its employees.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources at the close of the fiscal year 2024 by \$32,355,849.

The largest component of net position is investments in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding, which comprises \$25,151,076 or 77.73%. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Social Circle Net Position

| | Governmental Activities | | Business Type Activities | | Totals | |
|---------------------------------------|-------------------------|------------|--------------------------|------------|------------|------------|
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Assets: | | | | | | |
| Current assets | 8,442,863 | 7,005,753 | 2,899,679 | 2,943,306 | 11,342,542 | 9,949,059 |
| Restricted assets | - | - | 953,598 | 1,003,503 | 953,598 | 1,003,503 |
| Other assets | - | - | 39,021 | 39,021 | 39,021 | 39,021 |
| Capital assets | 9,128,960 | 10,011,742 | 21,177,327 | 25,425,119 | 30,306,287 | 35,436,861 |
| Total assets | 17,571,823 | 17,017,495 | 25,069,625 | 29,410,949 | 42,641,448 | 46,428,444 |
| Deferred outflows of resources | 612,704 | 459,258 | 208,691 | 174,927 | 821,395 | 634,185 |
| Liabilities: | | | | | | |
| Current liabilities | 2,166,844 | 1,936,202 | 776,297 | 2,893,161 | 2,943,141 | 4,829,363 |
| Long-term liabilities | 2,048,146 | 1,851,186 | 8,046,244 | 8,004,004 | 10,094,390 | 9,855,190 |
| Total liabilities | 4,214,990 | 3,787,388 | 8,822,541 | 10,897,165 | 13,037,531 | 14,684,553 |
| Deferred inflows of resources | 44,502 | 17,506 | 11,111 | 4,721 | 55,613 | 22,227 |
| Net position | | | | | | |
| Net investment in capital assets | 8,339,239 | 9,160,232 | 13,531,802 | 15,990,844 | 21,871,041 | 25,151,076 |
| Restricted for: | | | | | | |
| Public safety | 76,361 | 121,441 | - | - | 76,361 | 121,441 |
| Tourism | 425 | 988 | - | - | 425 | 988 |
| Capital projects | 2,129,523 | 2,225,893 | 953,598 | 2,752,733 | 3,083,121 | 4,978,626 |
| Library expendable | 101,723 | 126,661 | - | - | 101,723 | 126,661 |
| Library nonexpendable | 350,000 | 350,000 | - | - | 350,000 | 350,000 |
| Unrestricted | 2,927,764 | 1,686,644 | 1,959,264 | (59,587) | 4,887,028 | 1,627,057 |
| Total net position | 13,925,035 | 13,671,859 | 16,444,664 | 18,683,990 | 30,369,699 | 32,355,849 |

An additional portion of the City's net position, \$5,577,716 (17.24%), represents resources that are subject to external restrictions on how they may be used. \$476,661 for the library of which \$350,000 is nonexpendable, \$121,441 for public safety, \$988 for tourism, and \$4,978,626 for capital projects.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its governmental activities.

Governmental Activities. Governmental activities decreased the City's net position by \$253,176.

City of Social Circle Statement of Activities

| | Governmental Activities | | Business Type Activities | | Totals | |
|--|--------------------------------|-------------------|---------------------------------|-------------------|-------------------|-------------------|
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | 297,204 | 502,495 | 10,295,492 | 9,458,827 | 10,592,696 | 9,961,322 |
| Operating grants and contributions | 384,734 | 693,929 | 2,243 | 11,745 | 386,977 | 705,674 |
| Capital grants and contributions | 1,442,704 | 1,518,320 | - | - | 1,442,704 | 1,518,320 |
| General revenues | | | | | | |
| Property taxes | 2,160,030 | 2,464,089 | - | - | 2,160,030 | 2,464,089 |
| Sales tax | 1,097,993 | 1,003,373 | - | - | 1,097,993 | 1,003,373 |
| Franchise taxes | 576,476 | 565,892 | - | - | 576,476 | 565,892 |
| Other taxes | 559,552 | 582,216 | - | - | 559,552 | 582,216 |
| Investment earnings | 61,362 | 95,348 | 47,508 | 51,182 | 108,870 | 146,530 |
| Total revenues | 6,580,055 | 7,425,662 | 10,345,243 | 9,521,754 | 16,925,298 | 16,947,416 |
| Expenses: | | | | | | |
| General government | 1,389,873 | 1,918,356 | - | - | 1,389,873 | 1,918,356 |
| Judicial | 111,971 | 129,148 | - | - | 111,971 | 129,148 |
| Public safety | 3,431,674 | 4,188,979 | - | - | 3,431,674 | 4,188,979 |
| Public works | 1,184,705 | 872,506 | - | - | 1,184,705 | 872,506 |
| Health & welfare | 88,651 | 94,528 | - | - | 88,651 | 94,528 |
| Culture and recreation | 152,689 | 294,217 | - | - | 152,689 | 294,217 |
| Housing and development | 448,266 | 449,512 | - | - | 448,266 | 449,512 |
| Interest and fiscal charges | 20,610 | 24,207 | - | - | 20,610 | 24,207 |
| Water and sewer | - | - | 4,148,123 | 3,467,158 | 4,148,123 | 3,467,158 |
| Natural gas | - | - | 4,901,237 | 3,068,753 | 4,901,237 | 3,068,753 |
| Solid waste | - | - | 408,656 | 453,902 | 408,656 | 453,902 |
| Total expenses | 6,828,439 | 7,971,453 | 9,458,016 | 6,989,813 | 16,286,455 | 14,961,266 |
| Change in net position before transfers | (248,384) | (545,791) | 887,227 | 2,531,941 | 638,843 | 1,986,150 |
| Transfers | 2,194,847 | 292,615 | (2,194,847) | (292,615) | - | - |
| Increase (decrease) in net position | 1,946,463 | (253,176) | (1,307,620) | 2,239,326 | 638,843 | 1,986,150 |
| Net position - beginning | 11,978,572 | 13,925,035 | 17,752,284 | 16,444,664 | 29,730,856 | 30,369,699 |
| Net position - ending | 13,925,035 | 13,671,859 | 16,444,664 | 18,683,990 | 30,369,699 | 32,355,849 |

Revenues. Property taxes of \$2,464,089 and sales tax of \$1,003,373 accounted for 44.93% of total governmental revenues and transfers. Property tax increases are attributed to an increase in tax-assessed values. While the millage rate remained the same, values of property increased, causing an increase in property tax revenues.

The increase in operating grants and contributions revenues for 2024 as compared to 2023 is related to the general government and public works.

Expenses. The total expense for the governmental activities is \$7,971,453. The largest single expense activity is public safety. Public safety includes the police department and the fire department. Total public safety expenses are \$4,188,979 or 52.50% of total governmental activities expenses.

The increase in public safety expenses is due to increases in operational expenses such as electricity, fuel, and contracted services. This is true for most departmental increases. As the cost of living increased during FY 2024 so did the cost of operations for the departments city-wide.

Total program revenues, general revenues and transfers of governmental activities were less than expenses by \$253,176.

Business-type activities. Business-type activities increased the City's net position by \$2,239,326. Water and sewer revenues were stable from the prior year. Gas revenues decreased. The decreased gas revenues were the result of decreased market rates. In tangent with the revenue decrease, expenses decreased as well related to gas purchases.

Revenues. Water and sewer charges for service were \$3,203,606. Natural gas charges for service were \$5,018,804. Solid Waste charges for service were \$476,886. Water and sewer revenue is derived from the sale of water and sewer services to the citizens and industries of the City. Natural gas revenue is derived from the sale of natural gas to the citizens and industries of the City, and a share of gas sales to the industries of Stanton Springs Industrial Park, which is adjacent to the City. Solid Waste revenue is derived from the billing of the service to pick up household garbage. Water and sewer revenue increases were due to modest rate increases.

Expenses. Water and sewer operating expenses were \$3,164,304. Natural gas expenses were \$3,068,753. Solid Waste expenses were \$453,902. As previously mentioned, natural gas expenses were lower due to lower market rates for gas purchases. Water and sewer expenses were down from decreased water purchases.

Financial Analysis of the Government's Funds

The City of Social Circle uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,070,148. Approximately 45.79% of this amount or \$2,322,102 constitutes an unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is reported as Non-spendable or Restricted and may only be used within the guidelines of those categories.

The General Fund is the chief operating fund of the City. On June 30, 2024, the unassigned fund balance of the General Fund was \$2,322,102. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balances to total fund expenditures. Unassigned fund balance represents 30.31% of total General Fund expenditures.

ARPA Fund

The American Rescue Plan Act (“ARPA”) Fund is a special revenue fund used to account for the grant revenues and expenditures of the Coronavirus State and Local Fiscal Recovery Fund. On June 30, 2024, fund reported \$1,365,378 of cash and unearned revenues for amounts not expended. The fund had no activities in the current year.

SPLOST

A SPLOST (special purpose local option sales tax) continuation was approved by the Walton County voters in 2018 that took effect in January 2019. The City began receiving revenues from this SPLOST in the spring of 2019, after the Countywide tier 1 project to improve emergency dispatch communications was completed. In FY2023 funds in the amount of \$1,386,702 were received through the SPLOST. In Fiscal Year 2024 funds in the amount of \$1,550,282 were received through the SPLOST. Allowable expenditures from the SPLOST funds are limited to the projects identified in the ballot. In FY2024, the City expended SPLOST funds on public safety equipment, roadway paving, intersection improvements, and wastewater treatment plant improvements.

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

Water revenues remained relatively flat with a slight increase. Expenses reflected a decrease in general operating expenses related to less water purchases. In the Gas Fund during the year, revenues were lower than prior years due to decreased market rates. Expenses in gas also decreased based on these lower rates.

Unrestricted net position of the Water and Sewer Fund at June 30, 2024, amounted to \$(3,378,047); those of the Natural Gas Fund amounted to \$3,233,573; and those of the Solid Waste Fund amounted to \$84,887. The total change in Water and sewer net position was \$1,767,791; the change in Natural Gas net position was \$491,901; and the change in Solid Waste net position was (\$20,366).

General Fund Budgetary Highlights

General fund revenues were \$256,595, or 4.63%, more than the final budget. Which can be attributed to modestly higher than-expected tax receipts.

General Fund expenditures were \$120,195 over budgeted expenditures. The primary reason is associated with the purchase of land during the current year.

Capital Assets and Debt Administration

Capital Assets. The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounts to \$35,436,861, (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, building and improvements, equipment, and vehicles.

City of Social Circle Capital Assets

| | Governmental Activities | | Business Type Activities | | Totals | |
|----------------------------|--------------------------------|-------------------|---------------------------------|-------------------|-------------------|-------------------|
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Land | 938,408 | 938,408 | 23,274 | 424,873 | 961,682 | |
| Construction in progress | 430,044 | 797,036 | 655,407 | 5,184,350 | 1,085,451 | 5,981,386 |
| Infrastructure | 4,653,559 | 4,878,441 | 19,992,546 | 19,406,145 | 24,646,105 | 24,284,586 |
| Buildings and Improvements | 2,204,955 | 2,593,996 | - | - | 2,204,955 | 2,593,996 |
| Equipment and Vehicles | 901,994 | 803,861 | 506,100 | 409,751 | 1,408,094 | 1,213,612 |
| Total | 9,128,960 | 10,011,742 | 21,177,327 | 25,425,119 | 30,306,287 | 35,436,861 |

Additional information on the City's capital assets can be found in Note 6 on pages 43 through 45 of this report.

Long-Term Debt.

At the end of the current fiscal year, the City had total outstanding revenue bond, loan indebtedness, pension, and compensated absence liabilities in the amount of \$9,855,190. Water and sewerage revenue bonds account for \$5,648,284 and notes payable account for \$1,996,072. Governmental Activities account for \$636,705 in financed purchases.

City of Social Circle Long-term Debt

| | Governmental Activities | | Business Type Activities | | Totals | |
|----------------------------|--------------------------------|------------------|---------------------------------|------------------|-------------------|------------------|
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Revenue bonds payable | | | 5,800,725 | 5,648,284 | 5,800,725 | |
| Notes payable | - | | 1,900,524 | 1,996,072 | 1,900,524 | 1,996,072 |
| Compensated absences | 151,615 | 138,544 | 68,671 | 69,505 | 220,286 | 208,049 |
| Net pension liability | 1,106,810 | 1,075,937 | 276,324 | 290,143 | 1,383,134 | 1,366,080 |
| Financed purchases payable | 789,721 | 636,705 | - | - | 789,721 | 636,705 |
| Total | 2,048,146 | 1,851,186 | 8,046,244 | 8,004,004 | 10,094,390 | 9,855,190 |

Additional information on the City's long-term debt can be found in Note 7 on pages 46 through 49 of this report.

Economic Factors

The economy of Social Circle continues to grow in strength as more industries move to the area. This is evidenced by increased building permits and value of construction, new home construction, new business started in the downtown, and increasing local and regional industry operations and employment. Industries continue to grow, and more growth is in the near future for the city.

The City's housing market is strong, and the housing supply is tight. Currently, several plans for subdivisions are underway. The independent Social Circle City School system is sought after and listed homes in the city limits tend to be sold within weeks. The City continues to field expressions of interest from residential developers. New home construction is steady and spread across the city in three developments and on larger lots. Several new businesses have been located in the downtown area and the anchor stores continue to thrive. There remain a few vacant storefronts remaining in the downtown, and potential new business inquiries continue. The reassessment of property values in 2023 reflected a continuation of modest appreciation in property values that was first apparent in 2015 following the recession. An increase in property tax revenue is a result of the increased tax-assessed values.

Utility sales are stable and can be expected to increase, reflecting increasing industrial activity as well as increases in population.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Social Circle, P.O. Box 310, Social Circle, Georgia, 30025.

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2024

| | Primary Government | | | Component Units | | |
|---|----------------------------|-----------------------------|----------------------|------------------------------|--------------------------------------|--------------------------|
| | Governmental Activities | Business-Type Activities | Total | Main Street Commission | Downtown Development Authority | Development Authority |
| | | | | | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 5,074,779 | \$ 3,334,413 | \$ 8,409,192 | \$ 7,030 | \$ 92,128 | \$ 1,191,587 |
| Accounts receivable, net of allowances | 19,265 | 758,677 | 777,942 | - | 400 | - |
| Taxes receivable, net of allowances | 31,054 | - | 31,054 | - | - | - |
| Internal balances | 1,414,155 | (1,414,155) | - | - | - | - |
| Due from component unit | 36,964 | - | 36,964 | - | - | - |
| Due from other governments | 291,668 | 203,760 | 495,428 | - | - | - |
| Prepaid expenses | 137,868 | 49,736 | 187,604 | - | - | - |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | - | 1,003,503 | 1,003,503 | - | - | - |
| Other assets | - | 39,021 | 39,021 | - | - | - |
| Prepaid bond insurance | - | 10,875 | 10,875 | - | - | - |
| Capital assets: | | | | | | |
| Non-depreciable | 1,735,444 | 5,609,223 | 7,344,667 | - | 66,526 | 661,396 |
| Depreciable, net of accumulated depreciation | 8,276,298 | 19,815,896 | 28,092,194 | - | - | - |
| Total assets | 17,017,495 | 29,410,949 | 46,428,444 | 7,030 | 159,054 | 1,852,983 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred charges on refunding | - | 51,080 | 51,080 | - | - | - |
| Pension related items | 459,258 | 123,847 | 583,105 | - | - | - |
| Total deferred outflows of resources | 459,258 | 174,927 | 634,185 | - | - | - |
| LIABILITIES | | | | | | |
| Accounts payable | 474,815 | 2,264,049 | 2,738,864 | - | - | - |
| Accrued liabilities | 96,009 | 113,735 | 209,744 | - | - | - |
| Retainage payable | - | 91,769 | 91,769 | - | - | - |
| Due to primary government | - | - | - | 15,021 | 17,093 | 4,850 |
| Customer deposits | - | 382,236 | 382,236 | - | - | - |
| Unearned revenue | 1,365,378 | 41,372 | 1,406,750 | - | - | - |
| Long-term liabilities: | | | | | | |
| Portion due or payable within one year: | | | | | | |
| Financed purchases | 158,874 | - | 158,874 | - | - | - |
| Notes payable | - | 81,176 | 81,176 | - | - | - |
| Bonds payable | - | 146,000 | 146,000 | - | - | - |
| Compensated absences | 132,715 | 35,926 | 168,641 | - | - | - |
| Portion due or payable in more than one year: | | | | | | |
| Financed purchases | 477,831 | - | 477,831 | - | - | - |
| Notes payable | - | 1,914,896 | 1,914,896 | - | - | - |
| Bonds payable, net | - | 5,502,284 | 5,502,284 | - | - | - |
| Net pension liability | 1,075,937 | 290,143 | 1,366,080 | - | - | - |
| Compensated absences | 5,829 | 33,579 | 39,408 | - | - | - |
| Total liabilities | 3,787,388 | 10,897,165 | 14,684,553 | 15,021 | 17,093 | 4,850 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Pension related items | 17,506 | 4,721 | 22,227 | - | - | - |
| Total deferred inflows of resources | 17,506 | 4,721 | 22,227 | - | - | - |
| NET POSITION | | | | | | |
| Net investment in capital assets | 9,160,232 | 15,990,844 | 25,151,076 | - | 66,526 | 661,396 |
| Restricted for: | | | | | | |
| Public safety | 121,441 | - | 121,441 | - | - | - |
| Tourism | 988 | - | 988 | - | - | - |
| Capital projects | 2,225,893 | 2,752,733 | 4,978,626 | - | - | - |
| Library - expendable | 126,661 | - | 126,661 | - | - | - |
| Library - nonexpendable | 350,000 | - | 350,000 | - | - | - |
| Unrestricted | 1,686,644 | (59,587) | 1,627,057 | (7,991) | 75,435 | 1,186,737 |
| Total net position | \$ 13,671,859 | \$ 18,683,990 | \$ 32,355,849 | \$ (7,991) | \$ 141,961 | \$ 1,848,133 |

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | |
|--------------------------------|----------------------|-----------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,918,356 | \$ 56,101 | \$ 319,661 | \$ - |
| Judicial | 129,148 | 94,121 | - | - |
| Public safety | 4,188,979 | 68,784 | 135,811 | 500,091 |
| Public works | 872,506 | 281,134 | 238,457 | 643,161 |
| Health and welfare | 94,528 | - | - | - |
| Culture and recreation | 294,217 | 2,355 | - | 375,068 |
| Housing and development | 449,512 | - | - | - |
| Interest on long-term debt | 24,207 | - | - | - |
| Total governmental activities | <u>7,971,453</u> | <u>502,495</u> | <u>693,929</u> | <u>1,518,320</u> |
| Business-type activities: | | | | |
| Water and sewer | 3,467,158 | 3,963,169 | 11,745 | - |
| Natural gas | 3,068,753 | 5,018,804 | - | - |
| Solid waste | 453,902 | 476,854 | - | - |
| Total business-type activities | <u>6,989,813</u> | <u>9,458,827</u> | <u>11,745</u> | <u>-</u> |
| Total primary government | <u>\$ 14,961,266</u> | <u>\$ 9,961,322</u> | <u>\$ 705,674</u> | <u>\$ 1,518,320</u> |
| Component units: | | | | |
| Main Street Commission | \$ 46,959 | \$ - | \$ 23,011 | \$ - |
| Downtown Development Authority | 59,757 | 4,800 | 74,788 | - |
| Development Authority | 39,700 | - | - | 421,500 |
| Total component units | <u>\$ 146,416</u> | <u>\$ 4,800</u> | <u>\$ 97,799</u> | <u>\$ 421,500</u> |

General revenues:

Property taxes
Sales taxes
Franchise taxes
Business taxes
Insurance premium tax
Hotel/motel taxes
Other taxes
Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

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

| Net (Expenses) Revenues and Changes in Net Position | | | | | | |
|--|---------------------------------|-----------------------|-------------------------------|---------------------------------------|------------------------------|---------------------|
| Primary Government | | | Component Units | | | |
| Governmental Activities | Business-Type Activities | Total | Main Street Commission | Downtown Development Authority | Development Authority | |
| \$ (1,542,594) | \$ - | \$ (1,542,594) | \$ - | \$ - | \$ - | \$ - |
| (35,027) | - | (35,027) | - | - | - | - |
| (3,484,293) | - | (3,484,293) | - | - | - | - |
| 290,246 | - | 290,246 | - | - | - | - |
| (94,528) | - | (94,528) | - | - | - | - |
| 83,206 | - | 83,206 | - | - | - | - |
| (449,512) | - | (449,512) | - | - | - | - |
| (24,207) | - | (24,207) | - | - | - | - |
| <u>(5,256,709)</u> | <u>-</u> | <u>(5,256,709)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | 507,756 | 507,756 | - | - | - | - |
| - | 1,950,051 | 1,950,051 | - | - | - | - |
| - | 22,952 | 22,952 | - | - | - | - |
| <u>-</u> | <u>2,480,759</u> | <u>2,480,759</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ (5,256,709)</u> | <u>\$ 2,480,759</u> | <u>\$ (2,775,950)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ (23,948) | \$ - | \$ - | \$ - |
| - | - | - | - | 19,831 | - | - |
| - | - | - | - | - | - | 381,800 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (23,948)</u> | <u>\$ 19,831</u> | <u>\$ -</u> | <u>\$ 381,800</u> |
| \$ 2,464,089 | \$ - | \$ 2,464,089 | \$ - | \$ - | \$ - | \$ - |
| 1,003,373 | - | 1,003,373 | - | - | - | - |
| 565,892 | - | 565,892 | - | - | - | - |
| 31,500 | - | 31,500 | - | - | - | - |
| 442,446 | - | 442,446 | - | - | - | - |
| 563 | - | 563 | - | - | - | - |
| 107,707 | - | 107,707 | - | - | - | - |
| 95,348 | 51,182 | 146,530 | - | 3,453 | - | 63,235 |
| 292,615 | (292,615) | - | - | - | - | - |
| <u>5,003,533</u> | <u>(241,433)</u> | <u>4,762,100</u> | <u>-</u> | <u>3,453</u> | <u>-</u> | <u>63,235</u> |
| (253,176) | 2,239,326 | 1,986,150 | (23,948) | 23,284 | - | 445,035 |
| 13,925,035 | 16,444,664 | 30,369,699 | 15,957 | 118,677 | - | 1,403,098 |
| <u>\$ 13,671,859</u> | <u>\$ 18,683,990</u> | <u>\$ 32,355,849</u> | <u>\$ (7,991)</u> | <u>\$ 141,961</u> | <u>\$ -</u> | <u>\$ 1,848,133</u> |

CITY OF SOCIAL CIRCLE, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2024

| ASSETS | General Fund | ARPA Fund | SPLOST Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|---------------------|--------------------------------|--------------------------------|
| Cash | \$ 1,011,666 | \$ 1,365,378 | \$ 2,112,444 | \$ 585,291 | \$ 5,074,779 |
| Taxes receivable, net of allowance | 30,952 | - | - | 102 | 31,054 |
| Accounts receivable | 19,265 | - | - | - | 19,265 |
| Due from other governments | 178,219 | - | 113,449 | - | 291,668 |
| Due from other funds | 1,421,760 | - | - | 16,601 | 1,438,361 |
| Due from component units | 36,964 | - | - | - | 36,964 |
| Prepaid items | 137,868 | - | - | - | 137,868 |
| Total assets | \$ 2,836,694 | \$ 1,365,378 | \$ 2,225,893 | \$ 601,994 | \$ 7,029,959 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 257,106 | \$ - | \$ 214,805 | \$ 2,904 | \$ 474,815 |
| Accrued liabilities | 83,937 | - | - | - | 83,937 |
| Unearned revenue | - | 1,365,378 | - | - | 1,365,378 |
| Due to other funds | 24,206 | - | - | - | 24,206 |
| Total liabilities | 365,249 | 1,365,378 | 214,805 | 2,904 | 1,948,336 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenues - property taxes | 11,475 | - | - | - | 11,475 |
| Total deferred inflows of resources | 11,475 | - | - | - | 11,475 |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Permanent fund corpus | - | - | - | 350,000 | 350,000 |
| Prepays | 137,868 | - | - | - | 137,868 |
| Restricted: | | | | | |
| Library | - | - | - | 126,661 | 126,661 |
| Tourism | - | - | - | 988 | 988 |
| Public safety | - | - | - | 121,441 | 121,441 |
| Capital projects | - | - | 2,011,088 | - | 2,011,088 |
| Unassigned | 2,322,102 | - | - | - | 2,322,102 |
| Total fund balances | 2,459,970 | - | 2,011,088 | 599,090 | 5,070,148 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 2,836,694 | \$ 1,365,378 | \$ 2,225,893 | \$ 601,994 | |

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

| | |
|--|---------------|
| Capital assets used in governmental activities are not current financial resources, and, therefore, are not reported in the governmental funds. | 10,011,742 |
| Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds. | (787,321) |
| Some revenues are not available to pay current period expenditures, and, therefore, are not reported in the governmental funds. | 11,475 |
| The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources, and, therefore, are not reported in the governmental funds. | (634,185) |
| Net position of governmental activities | \$ 13,671,859 |

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | General Fund | ARPA Fund | SPLOST Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------|---------------------|--------------------------------|--------------------------------|
| Revenues | | | | | |
| Taxes | \$ 4,603,532 | \$ - | \$ - | \$ 563 | \$ 4,604,095 |
| Licenses and permits | 295,559 | - | - | - | 295,559 |
| Intergovernmental | 391,495 | - | 1,550,282 | - | 1,941,777 |
| Fines and forfeitures | 94,121 | - | - | 68,784 | 162,905 |
| Charges for services | 44,031 | - | - | - | 44,031 |
| Interest income | 70,381 | - | 389 | 24,967 | 95,737 |
| Miscellaneous | 302,434 | - | 4,038 | - | 306,472 |
| Total revenues | <u>5,801,553</u> | <u>-</u> | <u>1,554,709</u> | <u>94,314</u> | <u>7,450,576</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 1,696,914 | - | - | - | 1,696,914 |
| Judicial | 129,148 | - | - | - | 129,148 |
| Public safety | 3,573,526 | - | 238,646 | 23,733 | 3,835,905 |
| Public works | 1,394,704 | - | 878,480 | - | 2,273,184 |
| Health and welfare | 92,876 | - | - | - | 92,876 |
| Culture and recreation | 153,338 | - | 140,601 | - | 293,939 |
| Housing and development | 442,097 | - | - | - | 442,097 |
| Debt service: | | | | | |
| Principal retirements | 153,016 | - | - | - | 153,016 |
| Interest | 26,534 | - | - | - | 26,534 |
| Total expenditures | <u>7,662,153</u> | <u>-</u> | <u>1,257,727</u> | <u>23,733</u> | <u>8,943,613</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,860,600)</u> | <u>-</u> | <u>296,982</u> | <u>70,581</u> | <u>(1,493,037)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 1,643,350 | - | - | - | 1,643,350 |
| Transfers out | (971,707) | - | (379,028) | - | (1,350,735) |
| Proceeds from the sale of assets | 16,541 | - | - | - | 16,541 |
| Total other financing sources (uses) | <u>688,184</u> | <u>-</u> | <u>(379,028)</u> | <u>-</u> | <u>309,156</u> |
| Net change in fund balances | <u>(1,172,416)</u> | <u>-</u> | <u>(82,046)</u> | <u>70,581</u> | <u>(1,183,881)</u> |
| Fund balances, beginning of year | <u>3,632,386</u> | <u>-</u> | <u>2,093,134</u> | <u>528,509</u> | <u>6,254,029</u> |
| Fund balances, end of year | <u>\$ 2,459,970</u> | <u>\$ -</u> | <u>\$ 2,011,088</u> | <u>\$ 599,090</u> | <u>\$ 5,070,148</u> |

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

CITY OF SOCIAL CIRCLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

| | | |
|--|----|-------------------------|
| Net change in fund balances - total governmental funds | \$ | (1,183,881) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | | 900,322 |
| The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position | | (17,540) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. | | (24,914) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the effect of principal retirement of long-term debt and related items. | | 153,016 |
| Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds. | | <u>(80,179)</u> |
| Change in net position - governmental activities | \$ | <u><u>(253,176)</u></u> |

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

CITY OF SOCIAL CIRCLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | Budget | | Actual | Variance With Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 4,536,578 | \$ 4,536,578 | \$ 4,603,532 | \$ 66,954 |
| Licenses and permits | 255,750 | 255,750 | 295,559 | 39,809 |
| Fines and forfeitures | 85,000 | 85,000 | 94,121 | 9,121 |
| Interest income | 38,000 | 38,000 | 70,381 | 32,381 |
| Charges for services | 22,100 | 25,636 | 44,031 | 18,395 |
| Intergovernmental | 297,535 | 297,535 | 391,495 | 93,960 |
| Miscellaneous | 54,527 | 306,459 | 302,434 | (4,025) |
| Total revenues | <u>5,289,490</u> | <u>5,544,958</u> | <u>5,801,553</u> | <u>256,595</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Governing body | 182,120 | 182,120 | 633,319 | (451,199) |
| Chief executive | 218,356 | 218,356 | 201,125 | 17,231 |
| Board of elections | 7,500 | 7,500 | 10,111 | (2,611) |
| Financial administration | 469,003 | 469,003 | 528,599 | (59,596) |
| Clerk administration | 222,764 | 222,764 | 248,244 | (25,480) |
| Law | 53,000 | 53,000 | 75,516 | (22,516) |
| Total general government | <u>1,152,743</u> | <u>1,152,743</u> | <u>1,696,914</u> | <u>(544,171)</u> |
| Judicial: | | | | |
| Municipal court | 125,300 | 125,300 | 129,148 | (3,848) |
| Total judicial | <u>125,300</u> | <u>125,300</u> | <u>129,148</u> | <u>(3,848)</u> |
| Public safety: | | | | |
| Police | 1,806,629 | 2,058,541 | 1,955,422 | 103,119 |
| Fire | 1,560,612 | 1,564,148 | 1,618,104 | (53,956) |
| Total public safety | <u>3,367,241</u> | <u>3,622,689</u> | <u>3,573,526</u> | <u>49,163</u> |
| Public works: | | | | |
| Highways and streets | 1,431,938 | 1,431,938 | 1,302,806 | 129,132 |
| Cemetery | 136,983 | 136,983 | 91,898 | 45,085 |
| Total public works | <u>1,568,921</u> | <u>1,568,921</u> | <u>1,394,704</u> | <u>174,217</u> |
| Health and welfare: | | | | |
| Transportation services | 118,194 | 118,194 | 92,876 | 25,318 |
| Total health and welfare | <u>118,194</u> | <u>118,194</u> | <u>92,876</u> | <u>25,318</u> |
| Culture and recreation: | | | | |
| Library | 152,759 | 152,759 | 153,338 | (579) |
| Total culture and recreation | <u>152,759</u> | <u>152,759</u> | <u>153,338</u> | <u>(579)</u> |
| Housing and development: | | | | |
| Urban redevelopment and housing | 5,000 | 5,000 | 2,762 | 2,238 |
| Economic development and assistance | 573,852 | 573,852 | 439,335 | 134,517 |
| Total housing and development | <u>578,852</u> | <u>578,852</u> | <u>442,097</u> | <u>136,755</u> |
| Debt service: | | | | |
| Principal | 80,500 | 80,500 | 153,016 | (72,516) |
| Interest | 142,000 | 142,000 | 26,534 | 115,466 |
| Total debt service | <u>222,500</u> | <u>222,500</u> | <u>179,550</u> | <u>42,950</u> |
| Total expenditures | <u>7,286,510</u> | <u>7,541,958</u> | <u>7,662,153</u> | <u>(120,195)</u> |
| Deficiency of revenues over expenditures | (1,997,020) | (1,997,000) | (1,860,600) | 136,400 |
| Other financing sources (uses) | | | | |
| Transfers in | 1,997,020 | 1,997,020 | 1,643,350 | (353,670) |
| Transfers out | - | - | (971,707) | (971,707) |
| Proceeds from sale of assets | - | - | 16,541 | 16,541 |
| Total other financing sources (uses) | <u>1,997,020</u> | <u>1,997,020</u> | <u>688,184</u> | <u>(1,308,836)</u> |
| Net change in fund balances | - | 20 | (1,172,416) | (1,172,436) |
| Fund balance, beginning of year | <u>3,632,386</u> | <u>3,632,386</u> | <u>3,632,386</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 3,632,386</u> | <u>\$ 3,632,406</u> | <u>\$ 2,459,970</u> | <u>\$ (1,172,436)</u> |

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

| ASSETS | Business-Type Activities - Enterprise Funds | | | Totals |
|--|---|------------------------|------------------------------------|----------------------|
| | Water and Sewer Fund | Natural Gas Fund | Nonmajor Solid Waste Fund | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 81,356 | \$ 3,194,023 | \$ 59,034 | \$ 3,334,413 |
| Accounts receivable, net | 334,660 | 367,920 | 56,097 | 758,677 |
| Due from other funds | 5,758 | 165,607 | 4,285 | 175,650 |
| Due from other governments | 203,760 | - | - | 203,760 |
| Prepaid items | 42,863 | 6,873 | - | 49,736 |
| | <u>668,397</u> | <u>3,734,423</u> | <u>119,416</u> | <u>4,522,236</u> |
| Restricted assets | | | | |
| Cash and cash equivalents | 1,003,503 | - | - | 1,003,503 |
| | <u>1,671,900</u> | <u>3,734,423</u> | <u>119,416</u> | <u>5,525,739</u> |
| NONCURRENT ASSETS | | | | |
| Prepaid bond insurance | 10,875 | - | - | 10,875 |
| Other assets | 39,021 | - | - | 39,021 |
| | <u>49,896</u> | <u>-</u> | <u>-</u> | <u>49,896</u> |
| CAPITAL ASSETS | | | | |
| Nondepreciable | 4,984,567 | 624,656 | - | 5,609,223 |
| Depreciable, net of accumulated depreciation | 15,620,356 | 4,195,540 | - | 19,815,896 |
| | <u>20,604,923</u> | <u>4,820,196</u> | <u>-</u> | <u>25,425,119</u> |
| | <u>20,654,819</u> | <u>4,820,196</u> | <u>-</u> | <u>25,475,015</u> |
| Total assets | <u>22,326,719</u> | <u>8,554,619</u> | <u>119,416</u> | <u>31,000,754</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charges on refunding | 51,080 | - | - | 51,080 |
| Pension related items | 93,294 | 30,553 | - | 123,847 |
| | <u>144,374</u> | <u>30,553</u> | <u>-</u> | <u>174,927</u> |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | 2,057,746 | 206,303 | - | 2,264,049 |
| Retainage payable | 91,769 | - | - | 91,769 |
| Accrued liabilities | 105,175 | 8,560 | - | 113,735 |
| Customer deposits | 152,508 | 229,728 | - | 382,236 |
| Unearned revenue | 41,372 | - | - | 41,372 |
| Due to other funds | 1,550,124 | 5,152 | 34,529 | 1,589,805 |
| Compensated absences payable - current | 27,008 | 8,918 | - | 35,926 |
| Revenue bonds payable - current | 146,000 | - | - | 146,000 |
| Notes payable - current | 81,176 | - | - | 81,176 |
| | <u>4,252,878</u> | <u>458,661</u> | <u>34,529</u> | <u>4,746,068</u> |
| NONCURRENT LIABILITIES | | | | |
| Revenue bonds payable | 5,502,284 | - | - | 5,502,284 |
| Notes payable | 1,914,896 | - | - | 1,914,896 |
| Net pension liability | 218,566 | 71,577 | - | 290,143 |
| Compensated absences payable | 33,579 | - | - | 33,579 |
| | <u>7,669,325</u> | <u>71,577</u> | <u>-</u> | <u>7,740,902</u> |
| Total liabilities | <u>11,922,203</u> | <u>530,238</u> | <u>34,529</u> | <u>12,486,970</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension related items | 3,556 | 1,165 | - | 4,721 |
| | <u>3,556</u> | <u>1,165</u> | <u>-</u> | <u>4,721</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 11,170,648 | 4,820,196 | - | 15,990,844 |
| Restricted for capital projects | 2,752,733 | - | - | 2,752,733 |
| Unrestricted | (3,378,047) | 3,233,573 | 84,887 | (59,587) |
| Total net position | <u>\$ 10,545,334</u> | <u>\$ 8,053,769</u> | <u>\$ 84,887</u> | <u>\$ 18,683,990</u> |

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | Business-Type Activities - Enterprise Funds | | | |
|--|---|------------------------|------------------------------------|----------------------|
| | Water and Sewer Fund | Natural Gas Fund | Nonmajor Solid Waste Fund | Totals |
| OPERATING REVENUES | | | | |
| Charges for sales and services | \$ 3,203,606 | \$ 5,018,804 | \$ 476,854 | \$ 8,699,264 |
| Other revenue | 11,745 | - | - | 11,745 |
| Total operating revenues | <u>3,215,351</u> | <u>5,018,804</u> | <u>476,854</u> | <u>8,711,009</u> |
| OPERATING EXPENSES | | | | |
| Cost of sales and services | 56,018 | 2,361,474 | - | 2,417,492 |
| General operating expenses | 2,289,898 | 503,135 | 453,902 | 3,246,935 |
| Depreciation | 818,388 | 204,144 | - | 1,022,532 |
| Total operating expenses | <u>3,164,304</u> | <u>3,068,753</u> | <u>453,902</u> | <u>6,686,959</u> |
| Operating income | <u>51,047</u> | <u>1,950,051</u> | <u>22,952</u> | <u>2,024,050</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 51,150 | - | 32 | 51,182 |
| Intergovernmental revenue | 759,563 | - | - | 759,563 |
| Interest expense | (302,854) | - | - | (302,854) |
| Total non-operating revenues (expenses) | <u>507,859</u> | <u>-</u> | <u>32</u> | <u>507,891</u> |
| Income before transfers | 558,906 | 1,950,051 | 22,984 | 2,531,941 |
| Transfers in | 1,708,885 | - | - | 1,708,885 |
| Transfers out | (500,000) | (1,458,150) | (43,350) | (2,001,500) |
| Change in net position | 1,767,791 | 491,901 | (20,366) | 2,239,326 |
| Net position, beginning of year | <u>8,777,543</u> | <u>7,561,868</u> | <u>105,253</u> | <u>16,444,664</u> |
| Net position, end of year | <u>\$ 10,545,334</u> | <u>\$ 8,053,769</u> | <u>\$ 84,887</u> | <u>\$ 18,683,990</u> |

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|------------------------|------------------------------------|---------------------|
| | Water and Sewer Fund | Natural Gas Fund | Nonmajor Solid Waste Fund | Totals |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 3,162,674 | \$ 5,125,473 | \$ 465,451 | \$ 8,753,598 |
| Payments to suppliers | (685,458) | (2,548,602) | (452,189) | (3,686,249) |
| Payments to employees | (1,176,946) | (292,189) | - | (1,469,135) |
| Net cash provided by operating activities | <u>1,300,270</u> | <u>2,284,682</u> | <u>13,262</u> | <u>3,598,214</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Transfers in from other funds | 1,329,857 | - | - | 1,329,857 |
| Transfers out to other funds | (500,000) | (1,458,150) | (43,350) | (2,001,500) |
| Net cash provided by (used in) non-capital financing activities | <u>829,857</u> | <u>(1,458,150)</u> | <u>(43,350)</u> | <u>(671,643)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchases of capital assets | (2,751,355) | (677,968) | - | (3,429,323) |
| Transfers in from other funds | 379,028 | - | - | 379,028 |
| Principal payments on bonds payable | (145,000) | - | - | (145,000) |
| Capital grants | 555,803 | - | - | 555,803 |
| Proceeds from notes payable | 175,916 | - | - | 175,916 |
| Principal payments on notes payable | (80,368) | - | - | (80,368) |
| Interest and fiscal charges paid | (306,397) | - | - | (306,397) |
| Net cash used in capital and related financing activities | <u>(2,172,373)</u> | <u>(677,968)</u> | <u>-</u> | <u>(2,850,341)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 51,150 | - | 32 | 51,182 |
| Net cash provided by investing activities | <u>51,150</u> | <u>-</u> | <u>32</u> | <u>51,182</u> |
| Net increase (decrease) in cash and cash equivalents | 8,904 | 148,564 | (30,056) | 127,412 |
| Cash and cash equivalents, beginning of year | 1,075,955 | 3,045,459 | 89,090 | 4,210,504 |
| Cash and cash equivalents, end of year | <u>\$ 1,084,859</u> | <u>\$ 3,194,023</u> | <u>\$ 59,034</u> | <u>\$ 4,337,916</u> |
| Classified as: | | | | |
| Cash and cash equivalents | \$ 81,356 | \$ 3,194,023 | \$ 59,034 | \$ 3,334,413 |
| Restricted cash and cash equivalents | 1,003,503 | - | - | 1,003,503 |
| | <u>\$ 1,084,859</u> | <u>\$ 3,194,023</u> | <u>\$ 59,034</u> | <u>\$ 4,337,916</u> |

(Continued)

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | Business-Type Activities - Enterprise Funds | | | |
|--|---|------------------------|------------------------------------|---------------------|
| | Water and Sewer Fund | Natural Gas Fund | Nonmajor Solid Waste Fund | Totals |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating income | \$ 51,047 | \$ 1,950,051 | \$ 22,952 | \$ 2,024,050 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | 818,388 | 204,144 | - | 1,022,532 |
| Changes in assets, deferred outflows/inflows of resources and liabilities: | | | | |
| Increase in accounts receivable | (53,367) | (85,882) | (7,118) | (146,367) |
| (Increase) decrease in due from other funds | (5,758) | 192,551 | (4,285) | 182,508 |
| Increase in prepaid items | (1,701) | (1,703) | - | (3,404) |
| Decrease in pension related deferred outflows of resources | 22,837 | 6,283 | - | 29,120 |
| Increase in accounts payable | 222,406 | 50,767 | - | 273,173 |
| Increase in accrued liabilities | 11,493 | 5,353 | - | 16,846 |
| Decrease in customer deposits | (4,942) | (14,155) | - | (19,097) |
| Increase in net pension liability | 8,784 | 5,035 | - | 13,819 |
| Decrease in pension related deferred inflows of resources | (4,879) | (1,511) | - | (6,390) |
| Increase (decrease) in compensated absences payable | 9,255 | (8,421) | - | 834 |
| Increase in unearned revenue | 6,448 | - | - | 6,448 |
| Increase (decrease) in due to other funds | 220,259 | (17,830) | 1,713 | 204,142 |
| Net cash provided by operating activities | <u>\$ 1,300,270</u> | <u>\$ 2,284,682</u> | <u>\$ 13,262</u> | <u>\$ 3,598,214</u> |

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2024

| | Board of Education Fund |
|---|--|
| ASSETS | |
| Cash | \$ 52,998 |
| Due from others | 155 |
| Taxes receivable | 78,232 |
| Total assets | 131,385 |
| LIABILITIES | |
| Due to others | 53,153 |
| Uncollected taxes | 78,232 |
| Total liabilities | 131,385 |
| NET POSITION | |
| Restricted: | |
| Individuals, organizations, and other governments | - |
| Total net position | \$ - |

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | <u>Board of Education Fund</u> |
|--|--|
| ADDITIONS | |
| Taxes | \$ 4,347,930 |
| Total additions | <u>4,347,930</u> |
| DEDUCTIONS | |
| Taxes paid to other governments | <u>4,347,930</u> |
| Total deductions | <u>4,347,930</u> |
| Change in fiduciary net position | - |
| NET POSITION, beginning of year | <u>-</u> |
| NET POSITION, end of year | <u>\$ -</u> |

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

CITY OF SOCIAL CIRCLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Social Circle, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. Reporting Entity

Incorporated in 1904, under the laws of the State of Georgia, the City of Social Circle is governed by a five member Mayor/Council form of government. The mayor and council are elected to four-year terms. The mayor and the other four council members serve on a part-time basis. The mayor and council appoint a city manager to handle the daily operations of the City.

The City’s major operations include public safety, public works maintenance, culture and recreation, housing and development, utility services, and general administrative services. In addition, the City exercises sufficient control over other governmental entities that are included as part of the City’s reporting entity.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Social Circle Main Street Commission was activated by resolution in February 2017 to promote and revitalize the downtown business district of Social Circle, oversee the Main Street Program as described in the rules and regulations of the Georgia Department of Community Affairs, and raise and oversee the use of contributed private capital for Main Street program initiatives. The Governing body of Social Circle Main Street Commission consists of 15 individuals appointed by City Council and the Social Circle City Manager, who serves as an ex-officio member. Although the City does not have the authority to approve or modify Social Circle Main Street Commission grants and contributions funded budgets, the City provides a significant amount of their operating budget and therefore can influence the activities of the Social Circle Main Street Commission. City of Social Circle Main Street Commission is therefore fiscally dependent on the City. Social Circle Main Street Commission does not issue separate financial statements and is included as a discretely presented component unit in the City’s financial report.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The Downtown Development Authority was activated by resolution in 1984 to promote and further develop trade, commerce, industry, and employment opportunities within the central business district of the City of Social Circle, Georgia. It operates under a seven member board, all of which are appointed by the City Council members. Upon dissolution of the Authority, the City would retain the Authority's assets and liabilities. The Authority does not issue separate financial statements and is included as a discretely presented component unit in the City's financial report.

The Development Authority was activated by resolution in 1988 to promote and further develop trade, commerce, industry and employment opportunities within the City of Social Circle, Georgia. It operates under a seven member board, all of which are appointed by the City Council members. The City also guarantees the interest payments on the Authority's debt. The Authority does not issue separate financial statements and is included as a discretely presented component unit in the City's financial report.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers intergovernmental revenues to be available if they are collected within 90 days and all other revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The **American Rescue Plan Act Fund (ARPA)** is used to account for the revenues and expenditures relating to the City's distribution of the ARPA grant funds.

The **Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating to the City's 2019 Special Purpose Local Option Sales Tax referendum.

The City reports the following major enterprise funds:

The **Water and Sewer Fund** accounts for the operation, maintenance, and development of the City's water and sewer system and services.

The **Natural Gas Fund** accounts for the operation, maintenance, and development of the City's natural gas system.

The City also reports the following fund types:

The **special revenue funds** account for revenue sources that are either legally restricted or committed to expenditures for specific purposes, such as law enforcement.

The **Solid Waste Fund** accounts for the activities associated with the collection of residential garbage, including recyclables, non-recyclables, and yard waste. Activity is rendered on a user charge basis.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The *permanent fund* accounts for the operations of the City's Library endowment for which the corpus of the investments held in this fund cannot be used.

The *custodial fund* is accounted for on the accrual basis of accounting and is used to account for the collection and disbursement of property taxes by the City on behalf of the City of Social Circle Board of Education.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgets

Annual appropriated budgets are adopted for all governmental funds, with the exception of capital projects funds for which project length budgets are adopted. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. The City does not use encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States Government or one of its agencies; (4) obligations of any corporation of the United States Government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf/S1 rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Investments are reported at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

H. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for non-infrastructure tangible assets, \$50,000 for intangible assets and \$100,000 for infrastructure and an estimated useful life in excess of one year, five years and five years, respectively. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. In accordance with GASB Statement No. 34, infrastructure assets acquired prior to June 30, 1999 have not been capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

| <u>Asset Class</u> | <u>Estimated Useful Life</u> |
|----------------------------|------------------------------|
| Infrastructure | 15-99 |
| Buildings and improvements | 20-50 |
| Vehicles | 5-10 |
| Furniture and fixtures | 3-10 |
| Machinery and equipment | 3-10 |

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Restricted Assets

Expenditures of the Stanton Library Permanent Fund are restricted per the terms of the bequest for the following purposes: maintenance of the library building, purchase of books for the library, purchase of items to aid the impaired, and to assist in meeting cultural opportunities for the City.

Capacity recovery charges within business-type activities have been restricted for capital projects in accordance with the City Charter, Section 1.12.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has several items that qualify for reporting in this category. One is the deferred charge on refunding which is reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

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 assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable revenue is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes as this amount is deferred and will be recognized as an inflow of resources in the period in which the amount becomes available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

The City has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Balance

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

Fund Balance – Generally, fund balance represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. 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 purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

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

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, 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 a formal vote of the City Council. Only the City Council 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. The City Council has expressly delegated to the Finance Director the authority to assign funds for particular purposes.

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 balance only in the General Fund.

Flow Assumptions – 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: (1) Committed, (2) Assigned, and (3) Unassigned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Balance (Continued)

Net Position – Net position represents the difference between assets, deferred inflows and outflows of resources, and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets 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 using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Social Circle Retirement Plan (the “Plan”) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Management Estimates

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$787,321 difference are as follows:

| | | |
|---|----|-------------------------|
| Financed purchase payable | \$ | (636,705) |
| Accrued interest payable | | (12,072) |
| Compensated absences | | <u>(138,544)</u> |
| Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i> | \$ | <u><u>(787,321)</u></u> |

Another element of that reconciliation states that “deferred outflows of resources, deferred inflows of resources and the net pension liability are not expected to be liquidated with expendable available resources and, therefore, are not reported in the funds.” The details of this \$634,185 difference are as follows:

| | | |
|---|----|-------------------------|
| Net pension liability | \$ | (1,075,937) |
| Deferred outflows of resources | | 459,258 |
| Deferred inflows of resources | | <u>(17,506)</u> |
| Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i> | \$ | <u><u>(634,185)</u></u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$900,322 difference are as follows:

| | |
|--|--------------|
| Capital outlay | \$ 1,639,861 |
| Depreciation expense | (739,539) |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | \$ 900,322 |

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$80,179 difference are as follows:

| | |
|--|-------------|
| Compensated absences | \$ 13,071 |
| Pension expense | (95,577) |
| Accrued interest | 2,327 |
| Net adjustment to reduce <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | \$ (80,179) |

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Social Circle, Georgia employs the following procedures in establishing its annual budget:

1. Prior to July 1, the City Manager and the Council Budget Committee prepare a proposed budget for the fiscal year commencing July 1. The proposed budget is submitted to the Mayor and City Council. The operating budget includes proposed expenditures and the means for financing them.
2. The City Council holds a public hearing on the budget of the City of Social Circle, Georgia.
3. The budget is then revised and adopted or amended by the City Council at a subsequent regular meeting in the year to which it applies and within forty-five days following July 1.
4. The adopted budget may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing, for anything above the legal level of budgetary control, which is the department level. The final budget amounts shown in these financial statements reflect amendments approved by the City Council.

For the year ended June 30, 2024, expenditures exceeded the budget in the General Fund departments as follows:

General Fund:

| | |
|--------------------------|------------|
| General government | |
| Governing body | \$ 451,199 |
| Board of elections | 2,611 |
| Financial administration | 59,596 |
| Clerk administration | 25,480 |
| Law | 22,516 |
| Judicial | |
| Municipal court | 3,848 |
| Public safety | |
| Fire | 53,956 |
| Culture and recreation | |
| Library | 579 |
| Debt service | |
| Principal | 72,516 |

The excess of expenditures over budget that are noted above were funded by greater than anticipated revenues as well as savings in other departments.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2024 are summarized as follows:

| | |
|--|---------------------|
| Amounts as presented on the entity wide statement of net position: | |
| Cash and cash equivalents | \$ 8,409,192 |
| Restricted cash and cash equivalents | 1,003,503 |
| Cash as presented on the Statement of Fiduciary Net Position | 52,998 |
| Total | <u>\$ 9,465,693</u> |
| | |
| Cash deposited with financial institutions | \$ 3,214,732 |
| Cash deposited with Georgia Fund One | 6,250,961 |
| | <u>\$ 9,465,693</u> |

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

The local government investment pool, "Georgia Fund 1" created by OCGA 36-83-8 is a stable asset value investment pool, which follows Standard & Poor's criteria for AAAf/S1+ rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity, and diversification while maintaining principal (\$1 per share). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year end and the City's investment in Georgia Fund 1 is reported at fair value. At June 30, 2024, the Georgia Fund One weighted-average maturity was 33 days.

Increases or decreases in the fair value during the year are recognized as a component of interest income.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits: 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 and the Georgia Fund 1) to be collateralized by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either: (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2024, the financial institution holding all of the City’s deposits, other than Georgia Fund 1 deposits, is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2024, all of the City’s bank balances were insured and/or collateralized as defined by GASB and required State statutes.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City bills and collects its own property taxes. The taxes are levied by September 27 based on the assessed value of property as listed on the previous January 1 and are due on December 20.

Property taxes are recorded as receivables and deferred inflows of resources when assessed. Revenues are recognized when available.

Receivables at June 30, 2024, for the City’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>SPLOST</u> | <u>Nonmajor Governmental</u> | <u>Water and Sewer</u> | <u>Natural Gas</u> | <u>Nonmajor Enterprise</u> |
|-------------------------------------|--------------------------|--------------------------|----------------------------------|----------------------------|--------------------------|--------------------------------|
| Receivables: | | | | | | |
| Taxes | \$ 34,455 | \$ - | \$ 102 | \$ - | \$ - | \$ - |
| Accounts | 19,265 | - | - | 461,009 | 390,471 | 84,263 |
| Other governments | 178,219 | 113,449 | - | 203,760 | - | - |
| Less allowance for uncollectible | <u>3,503</u> | <u>-</u> | <u>-</u> | <u>126,349</u> | <u>22,551</u> | <u>28,166</u> |
| Net total receivable | <u><u>\$ 228,436</u></u> | <u><u>\$ 113,449</u></u> | <u><u>\$ 102</u></u> | <u><u>\$ 538,420</u></u> | <u><u>\$ 367,920</u></u> | <u><u>\$ 56,097</u></u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2024 is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|--------------------|------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 938,408 | \$ - | \$ - | \$ - | \$ 938,408 |
| Construction in progress | 430,044 | 634,160 | - | (267,168) | 797,036 |
| Total | <u>1,368,452</u> | <u>634,160</u> | <u>-</u> | <u>(267,168)</u> | <u>1,735,444</u> |
| Capital assets, being depreciated: | | | | | |
| Infrastructure | 6,733,164 | 186,988 | - | 267,168 | 7,187,320 |
| Buildings and improvements | 4,425,834 | 503,683 | - | - | 4,929,517 |
| Equipment, furniture, and vehicles | 4,413,246 | 315,030 | (252,405) | - | 4,475,871 |
| Total | <u>15,572,244</u> | <u>1,005,701</u> | <u>(252,405)</u> | <u>267,168</u> | <u>16,592,708</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (2,079,605) | (229,274) | - | - | (2,308,879) |
| Buildings and improvements | (2,220,879) | (114,642) | - | - | (2,335,521) |
| Equipment, furniture, and vehicles | (3,511,252) | (395,623) | 234,865 | - | (3,672,010) |
| Total | <u>(7,811,736)</u> | <u>(739,539)</u> | <u>234,865</u> | <u>-</u> | <u>(8,316,410)</u> |
| Total capital assets, being depreciated, net | <u>7,760,508</u> | <u>266,162</u> | <u>(17,540)</u> | <u>267,168</u> | <u>8,276,298</u> |
| Governmental activities capital assets, net | <u>\$ 9,128,960</u> | <u>\$ 900,322</u> | <u>\$ (17,540)</u> | <u>\$ -</u> | <u>\$ 10,011,742</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|--------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 23,274 | \$ 401,599 | \$ - | \$ 424,873 |
| Construction in progress | 655,407 | 4,528,943 | - | 5,184,350 |
| Total | <u>678,681</u> | <u>4,930,542</u> | <u>-</u> | <u>5,609,223</u> |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 30,448,107 | 230,287 | - | 30,678,394 |
| Machinery and equipment | 1,446,919 | - | (5,964) | 1,440,955 |
| Vehicles | 721,434 | 121,035 | (86,226) | 756,243 |
| Total | <u>32,616,460</u> | <u>351,322</u> | <u>(92,190)</u> | <u>32,875,592</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (10,455,561) | (816,688) | - | (11,272,249) |
| Machinery and equipment | (1,232,894) | (110,821) | 5,964 | (1,337,751) |
| Vehicles | (429,359) | (95,023) | 74,686 | (449,696) |
| Total | <u>(12,117,814)</u> | <u>(1,022,532)</u> | <u>80,650</u> | <u>(13,059,696)</u> |
| Total capital assets, being depreciated, net | <u>20,498,646</u> | <u>(671,210)</u> | <u>(11,540)</u> | <u>19,815,896</u> |
| Governmental activities capital assets, net | <u>\$ 21,177,327</u> | <u>\$ 4,259,332</u> | <u>\$ (11,540)</u> | <u>\$ 25,425,119</u> |

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 201,962 |
| Public safety | 350,755 |
| Culture and recreation | 278 |
| Public works | <u>186,544</u> |
| Total depreciation expense - governmental activities | <u>\$ 739,539</u> |
| Business-type activities: | |
| Water and sewer | \$ 818,388 |
| Natural gas | <u>204,144</u> |
| Total depreciation expense - business-type activities | <u>\$ 1,022,532</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Downtown Development Authority

Capital asset activity for the fiscal year ended June 30, 2024 is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 59,600 | \$ - | \$ - | \$ 59,600 |
| Construction in progress | 6,926 | - | - | 6,926 |
| Total | <u>66,526</u> | <u>-</u> | <u>-</u> | <u>66,526</u> |
| Total capital assets, net | <u>\$ 66,526</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 66,526</u> |

Development Authority

Capital asset activity for the fiscal year ended June 30, 2024 is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 239,896 | \$ 421,500 | \$ - | \$ 661,396 |
| Total | <u>239,896</u> | <u>421,500</u> | <u>-</u> | <u>661,396</u> |
| Total capital assets, net | <u>\$ 239,896</u> | <u>\$ 421,500</u> | <u>\$ -</u> | <u>\$ 661,396</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2024 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Financed purchase payable | \$ 789,721 | \$ - | \$ (153,016) | \$ 636,705 | \$ 158,874 |
| Compensated absences | 151,615 | 84,560 | (97,631) | 138,544 | 132,715 |
| Net pension liability | 1,106,810 | 580,300 | (611,173) | 1,075,937 | - |
| Governmental activities Long-term liabilities | <u>\$ 2,048,146</u> | <u>\$ 664,860</u> | <u>\$ (861,820)</u> | <u>\$ 1,851,186</u> | <u>\$ 291,589</u> |
| Business-type activities: | | | | | |
| Revenue bonds payable | \$ 5,687,000 | \$ - | \$ (145,000) | \$ 5,542,000 | \$ 146,000 |
| Add: Premium | 113,725 | - | (7,441) | 106,284 | - |
| Net bonds payable | 5,800,725 | - | (152,441) | 5,648,284 | 146,000 |
| Note payable | 1,900,524 | 175,916 | (80,368) | 1,996,072 | 81,176 |
| Compensated absences | 68,671 | 31,034 | (30,200) | 69,505 | 35,926 |
| Net pension liability | 276,324 | 154,257 | (140,438) | 290,143 | - |
| Business-type activities Long-term liabilities | <u>\$ 8,046,244</u> | <u>\$ 361,207</u> | <u>\$ (403,447)</u> | <u>\$ 8,004,004</u> | <u>\$ 263,102</u> |

For governmental funds, compensated absences and the net pension liability are liquidated by the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds. In November 2015, the City issued Revenue Bonds (Series 2015) in the original amount of \$4,530,000 bearing interest at rates ranging from 2.0% to 4.0% payable each February 1 and August 1 beginning 2017 through 2045. The bonds were issued for the purpose of: (i) prepaying in full certain outstanding loans obtained from Georgia Environmental Finance Authority (ii) acquire, construct, and equip certain additions and improvements to the City's Combined System (iii) purchase debt service reserve surety bonds for payment of the Series 2015 Bonds; and (iv) pay necessary costs of issuing the Series 2015 Bonds. The bonds are secured by the net revenues of the City's utility system.

In April 2020, the City issued \$2,029,000 of Revenue Refunding Bonds (Series 2020). The purpose of the refunding was to fully refund \$1,930,000 of the Revenue Bonds, Series 2010. The Series 2020 bonds bear interest at a rate of 2.67% payable each February 1 and August 1 beginning 2020 through 2035. In the event the City is unable to make payments as they become due and payable or is rendered incapable of fulfilling its obligations under the Bond resolution, the Bondholders may proceed to protect and enforce their rights by a lawsuit or legal action.

The debt service to maturity on the revenue bonds is as follows:

| Year Ending June 30, | Revenue Bonds | | Total |
|-------------------------|----------------------|---------------------|---------------------|
| | Principal | Interest | |
| 2025 | \$ 146,000 | \$ 191,252 | \$ 337,252 |
| 2026 | 151,000 | 186,571 | 337,571 |
| 2027 | 156,000 | 181,727 | 337,727 |
| 2028 | 162,000 | 176,721 | 338,721 |
| 2029 | 167,000 | 171,151 | 338,151 |
| 2030-2034 | 1,497,000 | 752,899 | 2,249,899 |
| 2035-2039 | 1,363,000 | 536,224 | 1,899,224 |
| 2040-2044 | 1,550,000 | 260,800 | 1,810,800 |
| 2045 | 350,000 | 14,000 | 364,000 |
| Total | <u>\$ 5,542,000</u> | <u>\$ 2,471,345</u> | <u>\$ 8,013,345</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes From Direct Borrowings. In May 2019, the City incurred debt to the Georgia Environmental Finance Authority to finance the installation and relocation of gravity sewer and water lines. The principal amount of the note was \$411,049 and bears interest at a fixed rate of 1.06% payable at the beginning of each month beginning June 2019 until 2029 with monthly payments totaling \$3,612.

In November 2019, the City executed a promissory note to the Georgia Environmental Finance Authority to borrow up to \$925,000 from the Drinking Water State Revolving Fund for various water system upgrades. As of June 30, 2021, the City had made draws totaling \$854,114 on this note payable to GEFA. The note bears interest at a fixed rate of 0.94% payable at the beginning of each month beginning January 2021 until August 2041.

The City's notes payable debt service requirements to maturity are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|-------------------|------------------|---------------------|
| Year Ending June 30, | | | |
| 2025 | \$ 81,176 | \$ 9,027 | \$ 90,203 |
| 2026 | 81,992 | 8,210 | 90,202 |
| 2027 | 82,817 | 7,386 | 90,203 |
| 2028 | 83,649 | 6,553 | 90,202 |
| 2029 | 84,038 | 6,164 | 90,202 |
| 2030-2034 | 232,366 | 20,457 | 252,823 |
| 2035-2039 | 221,537 | 12,775 | 234,312 |
| 2040-2042 | 103,126 | 1,066 | 104,192 |
| Total | <u>\$ 970,701</u> | <u>\$ 71,638</u> | <u>\$ 1,042,339</u> |

In February 2021, the City executed a promissory note to the Georgia Environmental Finance Authority to borrow up to \$3,320,000 from the Clean Water State Revolving Fund for various water system upgrades. As of June 30, 2024, the City had made draws totaling \$849,455 on this note payable to GEFA. As the project is still in the construction phase, an amortization schedule has not been determined for this note and thus the entire payable reports as due in more than one year.

In November 2023, the City executed a promissory note to the Georgia Environmental Finance Authority to borrow up to \$1,835,000 from the Clean Water State Revolving Fund for various water system upgrades. As of June 30, 2024, the City had made draws totaling \$8,706 on this note payable to GEFA. As the project is still in the construction phase, an amortization schedule has not been determined for this note and thus the entire payable reports as due in more than one year.

In December 2023, the City executed a promissory note to the Georgia Environmental Finance Authority to borrow up to \$5,573,700 from the Georgia Fund for various water system upgrades. As of June 30, 2024, the City had made draws totaling \$167,210 on this note payable to GEFA. As the project is still in the construction phase, an amortization schedule has not been determined for this note and thus the entire payable reports as due in more than one year.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Financed Purchases From Direct Borrowing. The City has entered into a purchase agreement to finance the acquisition of two fire trucks. The financed purchase is for a period of fifteen years, at an interest rate of 3.3%.

In January 2020, the City entered into a purchase agreement to purchase a fire truck. The financed purchase is for a period of eight years at an interest rate of 2.61%.

In December 2022, the City entered into a purchase agreement to purchase a grapple truck and leaf vacuum truck. The financed purchase is for a period of five years at an interest rate of 3.26%.

As of June 30, 2024, the future payments for the financed purchases from direct borrowing are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|-------------------|------------------|-------------------|
| Year Ending June 30, | | | |
| 2025 | \$ 158,874 | \$ 20,676 | \$ 179,550 |
| 2026 | 163,885 | 15,665 | 179,550 |
| 2027 | 169,058 | 10,492 | 179,550 |
| 2028 | 113,487 | 5,152 | 118,639 |
| 2029 | 31,401 | 1,229 | 32,630 |
| Total | <u>\$ 636,705</u> | <u>\$ 53,214</u> | <u>\$ 689,919</u> |

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NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2024 is as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|----------------------------|--------------------------|---------------------|
| General fund | Water and sewer fund | \$ 1,383,164 |
| General fund | Natural gas fund | 4,067 |
| General fund | Nonmajor enterprise fund | 34,529 |
| Water and sewer fund | General fund | 5,758 |
| Natural gas fund | General fund | 1,847 |
| Nonmajor enterprise fund | Natural gas fund | 1,085 |
| Nonmajor enterprise fund | Water and sewer fund | 3,200 |
| Natural gas fund | Water and sewer fund | 163,760 |
| Nonmajor governmental fund | General fund | 16,601 |
| | | <u>\$ 1,614,011</u> |

Due to/from component units:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|--------------------------------|------------------|
| General fund | Downtown Development Authority | \$ 17,093 |
| General fund | Development Authority | 4,850 |
| General fund | Main Street Commission | 15,021 |
| | | <u>\$ 36,964</u> |

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between entities are made.

Interfund transfers:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|----------------------|--------------------------|---------------------|
| General fund | Water and sewer fund | \$ 500,000 |
| General fund | Natural gas fund | 1,100,000 |
| General fund | Nonmajor enterprise fund | 43,350 |
| Water and sewer fund | General fund | 971,707 |
| Water and sewer fund | Natural gas fund | 358,150 |
| Water and sewer fund | SPLOST fund | 379,028 |
| | | <u>\$ 3,352,235</u> |

Transfers are used to: (1) move unrestricted revenues from the enterprise funds to the General Fund to support operations in the General Fund to keep the millage rate lower for the citizens of the City (2) move funds from the SPLOST fund to the Water and Sewer Fund for allowable expenditures and (3) move funds from the General Fund and Natural Gas Fund to the Water and Sewer Fund to forgive the Water and Sewer from previously incurred interfund liabilities.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Social Circle Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials who are immediately eligible, who work forty hours or more per week are eligible to participate after one year. Benefits vest after ten years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 2.00% of final average earnings in excess of covered compensation. Eligible employees as of January 1, 2014, are entitled to benefits of 1.75%. An employee may elect early retirement at age 55 provided he has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to \$75 per year for each year of service after reaching normal retirement age.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Plan Description (Continued)

Plan Membership. At January 1, 2024, the date of the most recent actuarial valuation, there were 126 participants consisting of the following:

| | |
|---|-----|
| Retirees and beneficiaries currently receiving benefits | 27 |
| Terminated vested participants not yet receiving benefits | 26 |
| Active employees - vested | 24 |
| Active employees - nonvested | 49 |
| Total | 126 |

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2024, the actuarially determined contribution rate was 7.95% of covered payroll. The City makes all contributions to the plan. For 2024, the City's contribution to the plan was \$265,375.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2023.

Actuarial Assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | | |
|---------------------------|---|------------------------------------|
| Inflation | | 2.25% |
| Salary increases | | 3.00% - 8.50%, including inflation |
| Investment rate of return | 7.375%, net of pension plan investment expense, including inflation | |

Mortality rates for the January 1, 2023 valuation were based on the sex-distinct Pri-2012 Head-Count Weighted Employee Mortality Table.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015–June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Cost-of-living adjustments were assumed to be 2.25% for Class 1 and 1.70% for Classes 2 and 3.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the table below:

| Asset class | Target allocation | Long-term expected real rate of return* |
|-----------------------|----------------------|---|
| Domestic equity | 45% | 6.91% |
| International equity | 20% | 7.21 |
| Real estate | 10% | 3.61 |
| Global fixed income | 5% | 1.67 |
| Domestic fixed income | 20% | 1.61 |
| Cash | —% | |
| Total | 100% | |

* Rates shown are net of the 2.25% assumed rate of inflation

Discount Rate. The discount rate used to measure the total pension liability was 7.375%, which did not change from the prior measurement period. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2024 were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| Balances at 6/30/23 | \$ 5,415,862 | \$ 4,032,728 | \$ 1,383,134 |
| Changes for the year: | | | |
| Service cost | 196,274 | - | 196,274 |
| Interest | 407,628 | - | 407,628 |
| Differences between expected and actual experience | 115,692 | - | 115,692 |
| Contributions – employer | - | 211,318 | (211,318) |
| Net investment income | - | 540,293 | (540,293) |
| Benefit payments, including refunds of employee contributions | (169,962) | (169,962) | - |
| Administrative expense | - | (14,963) | 14,963 |
| Other changes | - | - | - |
| Net changes | 549,632 | 566,686 | (17,054) |
| Balances at 6/30/24 | \$ 5,965,494 | \$ 4,599,414 | \$ 1,366,080 |

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

| | 1% Decrease (6.375%) | Current Discount Rate (7.375%) | 1% Increase (8.375%) |
|------------------------------|-------------------------|--------------------------------------|-------------------------|
| City's net pension liability | \$ 2,187,771 | \$ 1,366,080 | \$ 688,031 |

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2023 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2024, the City recognized pension expense of \$397,501. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 148,916 | \$ (22,227) |
| Net difference between projected and actual earnings on pension plan investments | 213,043 | - |
| City contributions subsequent to the measurement date | 221,146 | - |
| Total | \$ 583,105 | \$ (22,227) |

City contributions subsequent to the measurement date of \$221,146 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30: | | |
|----------------------|--|------------|
| 2025 | | \$ 61,902 |
| 2026 | | 80,763 |
| 2027 | | 222,310 |
| 2028 | | (25,243) |
| Total | | \$ 339,732 |

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED CONTRIBUTION PENSION PLAN

The City of Social Circle's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by Newport Group Inc. for all full time employees. The Plan is funded through employee contributions only. No contributions are made by the City. Plan provisions and contribution requirements are established and may be amended by the City Council. At June 30, 2024, there were 43 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to the maximum amount allowed by the IRS. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the year ended June 30, 2024 were \$71,931.

NOTE 11. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the 12 county Northeast Georgia area, is a member of the Northeast Georgia Regional Commission (NEGRC). Dues to the NEGRC are assessed at the County level and are, accordingly, paid by Walton County. Membership in the NEGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the NEGRC in Georgia. The NEGRC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the NEGRC. Separate financial statements may be obtained from the NEGRC's administrative office at 305 Research Drive, Athens, Georgia 30610.

NOTE 12. RELATED ORGANIZATIONS

The City's council is responsible for appointing a majority of the board members of the City of Social Circle, Georgia Housing Authority. However, the City has no further accountability for the Authority.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

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

Settled claims have not exceeded the coverage in the past three years.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the current or prior year.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitments

The City has several active construction projects as of June 30, 2024. These projects are associated with water and sewer improvements and other construction. They are all financed with SPLOST proceeds and budgeted capital monies.

| <u>Projects</u> | <u>Remaining Commitment</u> |
|--------------------------------------|-----------------------------|
| Sewer System Improvement | \$ 5,573,700 |
| Water Treatment Plant | 2,100,000 |
| Rehabilitation Water Treatment Plant | 1,271,500 |
| Water Distribution System | 4,132,500 |
| Total | <u>\$ 13,077,700</u> |

Agreements with the Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City, which costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extended through the year 2021, were general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to \$2,361,474 in fiscal year 2024.

At June 30, 2024, the outstanding debt of MGAG was approximately \$68.3 million. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately \$973,000 at June 30, 2024.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. SUBSEQUENT EVENT

In March 2025, the City issued \$66,255,000 of Series 2025 Combined Public Utility Revenue Bonds. The bonds were issued at an interest rate in the range of 4.00% – 5.00% with annual maturities through fiscal year 2055. The proceeds of the bonds will be used for acquiring, construction and equipping additions, extensions, and improvements to the City's water and sewerage and natural gas distribution systems, funding capitalized interest on the bonds, purchasing a municipal bond insurance policy and debt service reserve insurance policy, and paying the cost of issuing the bonds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOCIAL CIRCLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | |
| Service cost | \$ 82,778 | \$ 110,674 | \$ 120,656 | \$ 110,419 | \$ 130,827 |
| Interest on total pension liability | 186,271 | 199,876 | 223,499 | 237,815 | 253,090 |
| Differences between expected and actual experience | 23,309 | 96,814 | (59,359) | (68,150) | (60) |
| Changes of assumptions | (64,740) | - | - | - | - |
| Changes of benefit terms | 46,906 | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (93,585) | (104,378) | (100,712) | (99,429) | (100,840) |
| Other changes | - | - | - | (4,824) | - |
| Net change in total pension liability | <u>180,939</u> | <u>302,986</u> | <u>184,084</u> | <u>175,831</u> | <u>283,017</u> |
| Total pension liability - beginning | <u>2,450,290</u> | <u>2,631,229</u> | <u>2,934,215</u> | <u>3,118,299</u> | <u>3,294,130</u> |
| Total pension liability - ending (a) | <u>\$ 2,631,229</u> | <u>\$ 2,934,215</u> | <u>\$ 3,118,299</u> | <u>\$ 3,294,130</u> | <u>\$ 3,577,147</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 96,015 | \$ 110,350 | \$ 121,350 | \$ 124,029 | \$ 132,558 |
| Net investment income | 244,943 | 27,136 | 269,340 | 406,310 | 309,474 |
| Benefit payments, including refunds of member contributions | (93,585) | (104,378) | (100,712) | (99,429) | (100,840) |
| Administrative expenses | (7,860) | (9,627) | (8,830) | (15,680) | (14,609) |
| Net change in plan fiduciary net position | <u>239,513</u> | <u>23,481</u> | <u>281,148</u> | <u>415,230</u> | <u>326,583</u> |
| Plan fiduciary net position - beginning | <u>2,146,158</u> | <u>2,385,671</u> | <u>2,409,152</u> | <u>2,690,300</u> | <u>3,105,530</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 2,385,671</u> | <u>\$ 2,409,152</u> | <u>\$ 2,690,300</u> | <u>\$ 3,105,530</u> | <u>\$ 3,432,113</u> |
| City's net pension liability - ending (a) - (b) | <u>\$ 245,558</u> | <u>\$ 525,063</u> | <u>\$ 427,999</u> | <u>\$ 188,600</u> | <u>\$ 145,034</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 90.67% | 82.11% | 86.27% | 94.27% | 95.95% |
| Covered payroll | \$ 1,387,784 | \$ 1,624,677 | \$ 1,974,526 | \$ 1,888,119 | \$ 2,175,290 |
| City's net pension liability as a percentage of covered payroll | 17.69% | 32.32% | 21.68% | 9.99% | 6.67% |
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Total pension liability | | | | | |
| Service cost | \$ 153,724 | \$ 127,360 | \$ 132,484 | \$ 167,567 | \$ 196,274 |
| Interest on total pension liability | 274,624 | 283,542 | 302,145 | 371,198 | 407,628 |
| Differences between expected and actual experience | 26,884 | (12,247) | (49,447) | 93,939 | 115,692 |
| Changes of assumptions | (105,238) | - | - | - | - |
| Changes of benefit terms | - | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (138,447) | (142,832) | (160,226) | (164,942) | (169,962) |
| Other changes | - | - | 678,627 | - | - |
| Net change in total pension liability | <u>211,547</u> | <u>255,823</u> | <u>903,583</u> | <u>467,762</u> | <u>549,632</u> |
| Total pension liability - beginning | <u>3,577,147</u> | <u>3,788,694</u> | <u>4,044,517</u> | <u>4,948,100</u> | <u>5,415,862</u> |
| Total pension liability - ending (a) | <u>\$ 3,788,694</u> | <u>\$ 4,044,517</u> | <u>\$ 4,948,100</u> | <u>\$ 5,415,862</u> | <u>\$ 5,965,494</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 165,666 | \$ 164,330 | \$ 140,580 | \$ 195,076 | \$ 211,318 |
| Net investment income | 103,949 | 343,959 | 944,408 | (788,793) | 540,293 |
| Benefit payments, including refunds of member contributions | (138,447) | (142,832) | (160,226) | (164,942) | (169,962) |
| Administrative expenses | (14,059) | (17,633) | (15,301) | (15,120) | (14,963) |
| Net change in plan fiduciary net position | <u>117,109</u> | <u>347,824</u> | <u>909,461</u> | <u>(773,779)</u> | <u>566,686</u> |
| Plan fiduciary net position - beginning | <u>3,432,113</u> | <u>3,549,222</u> | <u>3,897,046</u> | <u>4,806,507</u> | <u>4,032,728</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 3,549,222</u> | <u>\$ 3,897,046</u> | <u>\$ 4,806,507</u> | <u>\$ 4,032,728</u> | <u>\$ 4,599,414</u> |
| City's net pension liability - ending (a) - (b) | <u>\$ 239,472</u> | <u>\$ 147,471</u> | <u>\$ 141,593</u> | <u>\$ 1,383,134</u> | <u>\$ 1,366,080</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 93.68% | 96.35% | 97.14% | 74.46% | 77.10% |
| Covered payroll | \$ 2,521,106 | \$ 2,814,567 | \$ 3,016,053 | \$ 2,965,799 | \$ 3,216,937 |
| City's net pension liability as a percentage of covered payroll | 9.50% | 5.24% | 4.69% | 46.64% | 42.47% |

Amounts reported for the fiscal year ending June 30, 2020 and later reflect assumption changes based on an actuarial study conducted in November and December 2019. This study recommended changes in mortality tables, retirement rates, and inflation rate changes from 2.75% to 2.25%.

**CITY OF SOCIAL CIRCLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS**

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Actuarially determined contribution | \$ 97,541 | \$ 116,265 | \$ 136,605 | \$ 129,453 | \$ 148,084 |
| Contributions in relation to the actuarially determined contribution | <u>97,541</u> | <u>116,265</u> | <u>136,605</u> | <u>129,453</u> | <u>148,084</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered payroll | \$ 1,387,784 | \$ 1,703,641 | \$ 2,064,821 | \$ 1,829,218 | \$ 2,290,647 |
| Contributions as a percentage of covered payroll | 7.03% | 6.82% | 6.62% | 7.08% | 6.46% |
| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Actuarially determined contribution | \$ 169,050 | \$ 150,169 | \$ 164,409 | \$ 222,785 | \$ 265,375 |
| Contributions in relation to the actuarially determined contribution | <u>169,050</u> | <u>150,169</u> | <u>164,409</u> | <u>222,785</u> | <u>265,375</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered payroll | \$ 2,597,925 | \$ 2,886,781 | \$ 3,059,144 | \$ 2,934,684 | \$ 3,311,021 |
| Contributions as a percentage of covered payroll | 6.51% | 5.20% | 5.37% | 7.59% | 8.01% |

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF SOCIAL CIRCLE, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

Special revenue funds are used to account for specific revenues that are either restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Confiscations Pending Fund – This fund is used to account for the City's share of monies that have been forfeited through the court system that are restricted for law enforcement purposes.

Hotel/Motel Fund – This fund is used to account for the collection of hotel/motel taxes within the City which are restricted for the promotion of tourism.

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Library Fund – This fund is used to account for monies restricted for principal trust amounts and related interest earnings; which are used to maintain and operate the community library.

CITY OF SOCIAL CIRCLE, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2024

| ASSETS | Special Revenue Fund | | Permanent Fund | Total Nonmajor Governmental Funds |
|----------------------------|----------------------------------|-------------------------|-------------------|--|
| | Confiscations Pending Fund | Hotel/ Motel Fund | Library Fund | |
| | Fund | Fund | Fund | |
| Cash and cash equivalents | \$ 107,744 | \$ 886 | \$ 476,661 | \$ 585,291 |
| Taxes receivable | - | 102 | - | 102 |
| Due from other funds | 16,601 | - | - | 16,601 |
| Total assets | \$ 124,345 | \$ 988 | \$ 476,661 | \$ 601,994 |
| FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 2,904 | \$ - | \$ - | \$ 2,904 |
| Total liabilities | 2,904 | - | - | 2,904 |
| FUND BALANCES | | | | |
| Nonspendable - corpus | - | - | 350,000 | 350,000 |
| Restricted: | | | | |
| Library | - | - | 126,661 | 126,661 |
| Tourism | - | 988 | - | 988 |
| Public safety | 121,441 | - | - | 121,441 |
| Total fund balances | \$ 121,441 | \$ 988 | \$ 476,661 | \$ 599,090 |

CITY OF SOCIAL CIRCLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | Special Revenue Funds | | Permanent Fund | Total Nonmajor Governmental Funds |
|---|----------------------------------|-------------------------|-------------------|--|
| | Confiscations Pending Fund | Hotel/ Motel Fund | Library Fund | |
| REVENUES | | | | |
| Taxes | \$ - | \$ 563 | \$ - | \$ 563 |
| Investment income | 29 | - | 24,938 | 24,967 |
| Fines and forfeitures | 68,784 | - | - | 68,784 |
| Total revenues | <u>68,813</u> | <u>563</u> | <u>24,938</u> | <u>94,314</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | 23,733 | - | - | 23,733 |
| Total expenditures | <u>23,733</u> | <u>-</u> | <u>-</u> | <u>23,733</u> |
| Net change in fund balances | 45,080 | 563 | 24,938 | 70,581 |
| FUND BALANCES, beginning of year | <u>76,361</u> | <u>425</u> | <u>451,723</u> | <u>528,509</u> |
| FUND BALANCES, end of year | <u>\$ 121,441</u> | <u>\$ 988</u> | <u>\$ 476,661</u> | <u>\$ 599,090</u> |

**CITY OF SOCIAL CIRCLE, GEORGIA
CONFISCATIONS PENDING FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Budget | | Actual | Variance With Final Budget |
|---|-----------|-----------|------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Interest | \$ - | \$ - | \$ 29 | \$ 29 |
| Fines and forfeitures | 55,000 | 55,000 | 68,784 | 13,784 |
| Total revenues | 55,000 | 55,000 | 68,813 | 13,813 |
| EXPENDITURES | | | | |
| Public safety | 55,000 | 55,000 | 23,733 | 31,267 |
| Total expenditures | 55,000 | 55,000 | 23,733 | 31,267 |
| Net change in fund balances | - | - | 45,080 | 45,080 |
| FUND BALANCES, beginning of year | 76,361 | 76,361 | 76,361 | - |
| FUND BALANCES, end of year | \$ 76,361 | \$ 76,361 | \$ 121,441 | \$ 45,080 |

**CITY OF SOCIAL CIRCLE, GEORGIA
HOTEL/MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Budget | | Actual | Variance With Final Budget |
|---|----------|--------|--------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ 563 | \$ 563 |
| Total revenues | - | - | 563 | 563 |
| Net change in fund balances | - | - | 563 | 563 |
| FUND BALANCES, beginning of year | 425 | 425 | 425 | - |
| FUND BALANCES, end of year | \$ 425 | \$ 425 | \$ 988 | \$ 563 |

**CITY OF SOCIAL CIRCLE, GEORGIA
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Budget | | Actual | Variance With Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ - | \$ - | \$ 24,938 | \$ 24,938 |
| Total revenues | - | - | 24,938 | 24,938 |
| Net change in fund balances | - | - | 24,938 | 24,938 |
| FUND BALANCES, beginning of year | 451,723 | 451,723 | 451,723 | - |
| FUND BALANCES, end of year | <u>\$ 451,723</u> | <u>\$ 451,723</u> | <u>\$ 476,661</u> | <u>\$ 24,938</u> |

CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | <u>Original Estimated Cost</u> | <u>Current Estimated Cost</u> | <u>Prior Years Cumulative Expenditures</u> | <u>Current Year Expenditures</u> | <u>Total Cumulative Expenditures</u> |
|------------------------------------|--|---------------------------------------|--|--|--|
| <u>2019 Projects</u> | | | | | |
| Transportation | \$ 1,000,000 | \$ 1,792,033 | \$ 1,213,726 | \$ 578,307 | \$ 1,792,033 |
| Water and Sewer Infrastructure | 1,160,869 | 1,160,869 | 89,374 | 395,339 | 484,713 |
| Public Safety | 385,000 | 638,276 | 399,630 | 238,646 | 638,276 |
| Parks and Recreation | 100,000 | 162,211 | 21,610 | 140,601 | 162,211 |
| Building Upgrades and Improvements | <u>250,000</u> | <u>382,055</u> | <u>320,265</u> | - | <u>320,265</u> |
| Total 2019 SPLOST Expenditures | <u>\$ 2,895,869</u> | <u>\$ 4,135,444</u> | <u>\$ 2,044,605</u> | <u>1,352,893</u> | <u>\$ 3,397,498</u> |

Non-SPLOST expenditures*

| | |
|--|---------------------|
| Roads, Streets, Bridges, and Sidewalks | 279,824 |
| Transportation | <u>4,038</u> |
| Total Non-SPLOST Expenditures | <u>283,862</u> |
| Total SPLOST Fund Expenditures | <u>\$ 1,636,755</u> |

* City of Social Circle, Georgia uses intergovernmental revenues as well as contributions from other parties to expand out SPLOST projects. Contributions to the SPLOST projects are as follows:

| | |
|--|-------------------|
| Georgia Department of Transportation (TAP Grant) | \$ 279,824 |
| Reimbursement of project expense | <u>4,038</u> |
| Total non-SPLOST expenditures | <u>\$ 283,862</u> |

COMPONENT UNITS

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - MAIN STREET COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|----------------------------|
| Receipts from customers and users | \$ 23,011 |
| Payments to suppliers | <u>(41,943)</u> |
| Net cash used in operating activities | <u>(18,932)</u> |
| Net decrease in cash and cash equivalents | (18,932) |
| Cash and cash equivalents, beginning of year | <u>25,962</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 7,030</u></u> |

RECONCILIATION OF OPERATING LOSS TO NET

CASH USED IN OPERATING ACTIVITIES

| | |
|--|-------------------------------|
| Operating loss | \$ (23,948) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Change in assets and liabilities: | |
| Increase in accounts payable | <u>5,016</u> |
| Net cash used in operating activities | <u><u>\$ (18,932)</u></u> |

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---------------------------------------|----------|
| Receipts from customers and users | \$ 4,400 |
| Payments to suppliers | (57,840) |
| Net cash used in operating activities | (53,440) |

**CASH FLOWS FROM NONCAPITAL AND RELATED
FINANCING ACTIVITIES**

| | |
|--|--------|
| Operating grants | 74,788 |
| Net cash provided by noncapital and related financing activities | 74,788 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|-------|
| Interest received | 3,453 |
| Net cash provided by investing activities | 3,453 |

Net decrease in cash and cash equivalents 24,801

Cash and cash equivalents, beginning of year 67,327

Cash and cash equivalents, end of year \$ 92,128

RECONCILIATION OF OPERATING LOSS TO NET

CASH USED IN OPERATING ACTIVITIES

| | |
|--|-------------|
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Operating loss | \$ (54,957) |
| Changes in assets and liabilities: | |
| Increase in accounts receivable | (400) |
| Decrease in accounts payable | 1,917 |
| Net cash used in operating activities | \$ (53,440) |

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---------------------------------------|-----------------|
| Payments to suppliers | \$ (34,850) |
| Net cash used in operating activities | <u>(34,850)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|---------------|
| Interest received | 63,235 |
| Net cash provided by investing activities | <u>63,235</u> |

Net increase in cash and cash equivalents 28,385

Cash and cash equivalents, beginning of year 1,163,202

Cash and cash equivalents, end of year \$ 1,191,587

RECONCILIATION OF OPERATING LOSS TO NET

CASH USED IN OPERATING ACTIVITIES

| | |
|---|---------------------------|
| Adjustments to reconcile operating loss | |
| to net cash used in operating activities: | |
| Operating loss | \$ (39,700) |
| Changes in assets and liabilities: | |
| Decrease in accounts payable | <u>4,850</u> |
| Net cash used in operating activities | <u><u>\$ (34,850)</u></u> |

SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---------------------------------|------------|
| Contributions of capital assets | \$ 421,500 |
|---------------------------------|------------|

COMPLIANCE SECTION



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

To the Honorable Mayor and Members
of City Council
City of Social Circle, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Social Circle, Georgia (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005 and 2024-006 to be material weaknesses.

Report on Compliance and Other Matters

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

The City's Responses to the Findings

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

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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 31, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Honorable Mayor and Members
of the City Council
City of Social Circle, Georgia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Social Circle, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Social Circle, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Social Circle, Georgia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 31, 2025

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| FEDERAL GRANTOR Pass-Through Grantor/Program Title | ASSISTANCE LISTING NUMBER | GRANT PASS-THROUGH NUMBER | FEDERAL EXPENDITURES |
|---|---------------------------------|---------------------------------|-------------------------|
| U.S. Department of Housing and Urban Development: | | | |
| Passed Through Georgia Department of Community Affairs Community Development Block Grant Entitlement Grants Cluster Community Development Block Grant | 14.228 | 22p-x-147-2-6308 | \$ 759,563 |
| Total Department of Housing and Urban Development | | | <u>759,563</u> |
| U.S. Environmental Protection Agency: | | | |
| Passed Through Georgia Environmental Finance Authority Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds | 66.458 | 13000121 | 175,916 |
| Brownfields Multipurpose and Assessment Grant | 66.818 | 02D29922 | 74,788 |
| Total Environmental Protection Agency | | | <u>250,704</u> |
| U.S. Department of Transportation: | | | |
| Passed Through Georgia Department of Transportation Highway Planning and Construction | 20.205 | 693JJ21930000Z303GA0016639 | 279,824 |
| Formula Grants for Rural Areas and Tribal Transit Program | 20.509 | GA-2020-003-00 | 31,145 |
| Total Department of Transportation | | | <u>310,969</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 1,321,236</u> |

See note to the Schedule of Expenditures of Federal Awards.

CITY OF SOCIAL CIRCLE, GEORGIA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(1) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related liability is incurred.

In instances where the grant agreement requires the City to match grant awards with local funds, such matching funds are excluded in the accompanying Schedule of Expenditures of Federal Awards.

The City did not utilize the 10% de minimus indirect cost rate.

Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report. These programs are operated according to Federal regulations promulgated by the federal agency providing the funding.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The City did not pass through any federal funds to subrecipients.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**SECTION I
SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? yes no

Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes no

Significant deficiencies identified? yes none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
|----------------------------------|---|
| 14.228 | Community Development Block Grant |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2024-001 Financial Close and Maintenance of General Ledger and Subsidiary Ledgers

Criteria: Timely and accurate financial reporting and maintenance of the general ledger of all funds included in the financial statements of the City to facilitate informed financial decisions by the City management and those charged with oversight of management is imperative.

Condition: Internal controls and available resources were not sufficient to facilitate the accurate, timely reporting of the City's overall financial position and results of operations as of and for the fiscal year ended June 30, 2024.

Context/Cause: Timely and accurate financial reporting and maintenance of the general ledger of all funds included in the financial statements of the City to facilitate informed financial decisions by the City management and those charged with oversight of management is imperative:

- Three versions of the trial balance and subsidiary ledgers were submitted beginning in October 2024 and concluding in December 2024. In the first and second versions submitted, beginning fund balances did not tie to the audited, ending fiscal year 2023 balances.
- During the trial balance submission process, twenty-five (25) adjustments and journal entries were posted impacting cash, receivables, payables, long-term debt, capital assets, equity and related income statement accounts necessary to agree opening year balances to audited, ended fiscal year 2023 balances as well as adjust for current fiscal year activity to bring the trial balances to a version available for audit. The total dollar amount of the adjustments by fund are as follows:
 - General Fund: (1) Adjust motor vehicle tax receivable for \$3,638 (2) adjust alcoholic beverage tax receivable for \$6,081 (3) adjust intergovernmental receivables for \$47,927 (4) adjust due to SPLOST Fund and unavailable revenue for \$23,435 (5) adjust prepaid items for \$51,685 (6) adjust accrued salaries payable for \$46,430 (7) adjust accounts payable and due from other funds for \$58,811.
 - Confiscations Pending Fund: (1) Adjust accounts payable for \$2,904.
 - Hotel/Motel Fund: (1) Adjust taxes receivable for \$203.
 - SPLOST Fund: (1) Adjust intergovernmental revenue and unavailable revenue for \$291,281 (2) adjust cash and fund balance for \$238,189 (3) adjust accounts payable for \$60,959.
 - Water and Sewer Fund: (1) Adjust unbilled accounts receivable for \$17,279 (2) adjust prepaid items for \$19,073 (3) adjust accrued salaries payable for \$12,331 (4) adjust capital assets for \$3,185,916 (5) adjust general supplies expenses for \$72,383 (6) adjust loan liability payable for \$179,197 (7) adjust accounts payable and due to other funds for \$1,777,103.
 - Natural Gas Fund: (1) Adjust accounts receivable for \$94,558 (2) adjust unbilled accounts receivable for \$94,813 (3) adjust prepaid items for \$4,495 (4) adjust accrued salaries payable for \$3,207 (5) adjust capital assets for \$477,884.
 - Solid Waste Fund: (1) Adjust unbilled accounts receivable for \$2,211.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

2024-001 Financial Close and Maintenance of General Ledger and Subsidiary Ledgers (Continued)

Effects: The City was unable to report accurate financial information, as appropriate, in a timely manner.

Recommendation: We recommend management implement and adhere to procedures to ensure timely and accurate financial reporting to facilitate informed financial decisions.

Auditee's Response: We concur with the finding. The City will ensure timely and accurate financial reporting and maintenance of the general ledger of all funds.

2024-002 Cash (Repeat)

Criteria: Internal controls should be in place to ensure that financial statements are properly reporting the balances of cash in each fund of the City in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the cash position of the General Fund and the Water and Sewer Fund.

Context/Cause: During our testing, adjustments were required to properly report the cash position, interfund balances, and revenue transactions for the fiscal year ended June 30, 2024. The audit adjustments were as follows:

- The General Fund required adjustments of \$970,139 and 1,025,860 to cash as part of reconciliations of interfund balances amongst funds. The net impact of the adjustments was a decrease to fund balance of \$55,721.
- The General Fund required an adjustment of \$483,943 as part of the City's payroll fund cash position reporting. The adjustment ultimately had no impact on fund balance.
- The General Fund required other adjustments to reconcile reported cash in the amount of \$1,192,121. The net impact of the adjustments was a decrease to fund balance of \$251,681.
- The Water and Sewer Fund required adjustments of \$552,716 and 1,025,860 to cash as part of reconciliations of interfund balances amongst funds. The net impact of the adjustments was a decrease to net position of \$473,144.
- The Water and Sewer Fund required an adjustment of \$37,406 as part of the City's payroll fund cash position reporting. The adjustment ultimately had no impact on net position.

Effects: Audit adjustments totaling \$5,288,045 were necessary to correctly report the cash position, including interfund balances and interfund transactions of the General Fund and Water and Sewer Fund.

Recommendation: We recommend the City carefully review all cash transactions to ensure all cash positions in each fund are recorded in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. The City will ensure that controls are in place to ensure proper reporting of each cash in fund.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

2024-003 Capital Asset Reporting (Repeat)

Criteria: Internal controls should be in place to ensure that capital assets are properly accounted for in accordance with generally accepted accounting principles (GAAP).

Condition: Due to ineffective controls surrounding the recording of capital assets, adjustments were required to adjust capital assets and related accounts to be in accordance with GAAP.

Context/Cause: During our testing, adjustments were required to properly report capital assets for the fiscal year ended June 30, 2024. The audit adjustments were as follows:

- The Water and Sewer Fund required adjustments of \$1,003,960, \$91,768 and \$379,028 to construction in progress for amounts initially recorded as expenses within the income statement, to record additional retainage payable, or that required transfer from the SPLOST Fund. The net impact of the adjustments was an increase to net position of \$1,474,756.
- The Natural Gas Fund required an adjustment of \$26,500 to construction in progress for an amount initially recorded as an expense within the income statement. The net impact of the adjustment was an increase to net position of \$26,500.
- The Development Authority required an adjustment of \$421,500 to record an addition of land. The net impact of the adjustment was an increase to net position of \$421,500.

Effects: Audit adjustments totaling \$1,922,756 were required to report capital assets in accordance with GAAP.

Recommendation: We recommend the City's Finance Department implement and/or strengthen internal controls surrounding the recording of capital assets.

Auditee's Response: We concur with the finding. The City will ensure that controls are in place to properly report capital assets.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

2024-004 Liabilities (Repeat)

Criteria: Internal controls should be in place to ensure that financial statements are properly reporting liabilities of the City in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the City's liabilities.

Context/Cause: During our testing, adjustments were required to properly report liabilities and related accounts for the fiscal year ended June 30, 2024. The audit adjustments were as follows:

- The General Fund required adjustments of \$178,654 to its accounts payable and accrued liabilities and related expenditures. The net impact of the adjustments was a decrease to fund balance of \$92,106.
- The SPLOST Fund required an adjustment of \$153,846 to accounts payable and related expenditures. The net impact of the adjustment was a decrease to fund balance of \$153,846.
- The Water and Sewer Fund required an adjustment of \$91,768 to retainage payable. The net impact of the adjustment had no impact to net position.
- Main Street Commission Fund required an adjustment of \$2,671 to increase accounts payable and related expenses. The net impact of the adjustment was a decrease to net position of \$2,671.
- The Development Authority Fund required an adjustment of \$30,000 to increase accounts payable and related expenses. The net impact of the adjustment was a decrease to net position of \$30,000.

Effects: Audit adjustments totaling \$456,939 were necessary to correctly report the City's liabilities for the fiscal year ended June 30, 2024.

Recommendation: We recommend the City's Finance Department implement and/or strengthen internal controls surrounding the recording of liabilities.

Auditee's Response: We concur with the finding. The City will ensure that controls are in place to ensure proper reporting of liabilities.

CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2024-005 Accounts and Intergovernmental Receivables and Interfund Balances and Related Accounts (Repeat)

Criteria: Internal controls should be in place to ensure that financial statements are properly reporting interfund balances, accounts and intergovernmental receivables and related accounts of the City in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the interfund balances, accounts and intergovernmental receivables and related accounts of the City.

Context/Cause: During our testing, audit adjustments were required in the various funds to correct interfund balances, accounts and intergovernmental receivables and related accounts. The audit adjustments were as follows:

- The General Fund required adjustments of \$976,501 and \$971,707 to reconcile interfund balances and component units' balances, including adjustments approved by City Council to address financial position of the Water and Sewer Fund at the end of fiscal year 2023. The net impact of the adjustments was a decrease to fund balance of \$1,938,508.
- The General Fund required an adjustment of \$27,860 to record unavailable revenue related to property taxes. The net impact of the adjustment was an increase to fund balance of \$27,860.
- The Confiscations Pending Fund required adjustments of \$72,088 to reconcile interfund balances and adjust accounts receivable. The net impact of the adjustments was an increase to fund balance of \$72,088.
- The SPLOST Fund required an adjustment of \$23,435 to reconcile interfund balances and adjust accounts receivable. There was no net impact of the adjustment to fund balance.
- The Water and Sewer Fund required adjustments of \$1,066,030 and \$1,329,857 to reconcile interfund balances, including adjustments approved by City Council to address financial position of the Water and Sewer Fund at the end of fiscal year 2023. The net impact of the adjustments was an increase to net position of \$1,290,417.
- The Water and Sewer Fund required adjustments of \$759,563 to record intergovernmental revenue related to the CDBG program. The net impact of the adjustments was an increase to net position of \$759,563.
- The Natural Gas Fund required an adjustment of \$358,150 to reconcile interfund balances. The net impact of the adjustment was a decrease to net position of \$358,150.

Effects: Audit adjustments totaling \$5,561,756 were needed to correctly report interfund balances, accounts and intergovernmental receivables and related accounts for the fiscal year ended June 30, 2024.

Recommendation: We recommend the City carefully review all transactions to ensure all year end closing entries are accurate and recorded in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. The City will ensure that controls are in place to properly report interfund balances, accounts, and intergovernmental receivables and related accounts.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

2024-006 Equity Reconciliations (Repeat)

Criteria: Internal controls should be in place to ensure that financial statements are properly reporting the financial position and results of operations of the City in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the opening fund balance of the General Fund and SPLOST Fund.

Context/Cause: During our testing, audit adjustments were required in the General Fund of \$131,263 to accurately report and reconcile the opening fund balance for the fiscal year ended June 30, 2024. An audit adjustment was also required in the SPLOST Fund of \$83,067 to accurately report and reconcile the opening fund balance for the fiscal year ended June 30, 2024.

Effects: Audit adjustments in the amount of \$214,330 were necessary to correctly report the opening fund balance of the General Fund and SPLOST Fund.

Recommendation: We recommend the City carefully review all transactions to ensure all year end closing entries, including those prepared by the auditors, are recorded in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. The City will ensure that controls are in place to ensure proper reporting of financial position and results of operations.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**SECTION IV
STATUS OF PRIOR FISCAL YEAR FINDINGS**

2023-001 Cash

Criteria: Internal controls should be in place to ensure that financial statements are properly reporting the balances of cash, interfund receivables and payables, unearned revenue, and intergovernmental revenue in each fund of the City in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the cash position, interfund balances, interfund transactions, unearned revenue, and intergovernmental revenue of the General Fund, ARPA Fund, and the Water Fund.

Status: See 2024-002.

2023-002 Capital Asset Reporting

Criteria: Internal controls should be in place to ensure that capital assets are properly accounted for in accordance with generally accepted accounting principles (GAAP).

Condition: Due to ineffective controls surrounding the recording of capital assets, adjustments were required to adjust capital assets and related accounts to be in accordance with GAAP.

Status: See 2024-003.

2023-003 Liabilities

Criteria: Internal controls should be in place to ensure that financial statements are properly reporting liabilities of the City in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the City's liabilities.

Status: See 2024-004.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**SECTION IV
STATUS OF PRIOR FISCAL YEAR FINDINGS (CONTINUED)**

2023-004 Accounts Receivable and Related Accounts

Criteria: Internal controls should be in place to ensure that financial statements are properly reporting the accounts receivable and related accounts of the City in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the accounts receivable and related accounts of the City.

Status: See 2024-005.

2023-005 Prepaids

Criteria: Internal controls should be in place to ensure that financial statements are properly reporting the prepaid items of the City in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of prepaid items in the General Fund and the Water Fund.

Status: Resolved in fiscal year 2024.

2023-006 Long-Term Debt and Related Balances

Criteria: Internal controls should be in place to ensure that financial statements are properly reporting the long-term debt and related expenses of the City in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of long-term debt and related expenses.

Status: Resolved in fiscal year 2024.

2023-007 Equity Reconciliation

Criteria: Internal controls should be in place to ensure that financial statements are properly reporting the financial position and results of operations of the City in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the opening fund balance of the General Fund and SPLOST Fund.

Status: See 2024-006.



The City Of
SOCIAL CIRCLE

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MANAGEMENT'S CORRECTIVE ACTION PLAN

2024-001 Financial Close and Maintenance of General Ledger and Subsidiary Ledgers

Name of the Contact Person Responsible for the Corrective Action Plan: Toni Jo Howard, Finance Director.

Anticipated Completion Date: June 30, 2025

Corrective Action Plan: The City will ensure timely and accurate financial reporting and maintenance of the general ledger of all funds.

2024-002 Cash (Repeat)

Name of the Contact Person Responsible for the Corrective Action Plan: Toni Jo Howard, Finance Director.

Anticipated Completion Date: June 30, 2025

Corrective Action Plan: The City will ensure that controls are in place to ensure proper reporting of each cash in fund.

2024-003 Capital Asset Reporting (Repeat)

Name of the Contact Person Responsible for the Corrective Action Plan: Toni Jo Howard, Finance Director.

Anticipated Completion Date: June 30, 2025

Corrective Action Plan: The City will ensure that controls are in place to properly report capital assets.

2024-004 Liabilities (Repeat)

Name of the Contact Person Responsible for the Corrective Action Plan: Toni Jo Howard, Finance Director.

Anticipated Completion Date: June 30, 2025

Corrective Action Plan: The City will ensure that controls are in place to ensure proper reporting of liabilities.



The City Of

SOCIAL CIRCLE

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MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)

2024-005 Accounts and Intergovernmental Receivables and Interfund Balances and Related Accounts (Repeat)

Name of the Contact Person Responsible for the Corrective Action Plan: Toni Jo Howard, Finance Director.

Anticipated Completion Date: June 30, 2025

Corrective Action Plan: The City will ensure that controls are in place to properly report interfund balances, accounts, and intergovernmental receivables and related accounts.

2024-006 Equity Reconciliations (Repeat)

Name of the Contact Person Responsible for the Corrective Action Plan: Toni Jo Howard, Finance Director.

Anticipated Completion Date: June 30, 2025

Corrective Action Plan: The City will ensure that controls are in place to ensure proper reporting of financial position and results of operations.