

**CITY OF GROVETOWN, GEORGIA**

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**CITY OF GROVETOWN, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**TABLE OF CONTENTS**

**Page**

**FINANCIAL SECTION**

<b>Independent Auditor's Report .....</b>	<b>1 – 4</b>
<b>Management's Discussion and Analysis .....</b>	<b>5 – 11</b>
 <b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position .....	12
Statement of Activities .....	13
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds .....	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	17
Statement of Net Position – Proprietary Funds .....	18
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	19
Statement of Cash Flows – Proprietary Funds .....	20
Notes to the Financial Statements .....	21 – 44
 <b>Required Supplementary Information:</b>	
Schedule of Changes in the Net Pension Liability and Related Ratios.....	45 and 46
Schedule of Contributions .....	47 and 48
 <b>Combining Statements and Schedules:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds.....	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	50
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2017-2022 Issue .....	51 and 52
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2023-2028 Issue .....	53 and 54

**CITY OF GROVETOWN, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**TABLE OF CONTENTS (CONTINUED)**

**Page**

**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 <i>Government Auditing Standards</i> .....	55 and 56
Schedule of Findings and Responses .....	57
Summary Schedule of Prior Year Findings .....	58

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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To the Honorable Mayor and Members  
of the City Council  
City of Grovetown, Georgia  
Grovetown, Georgia

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Grovetown, Georgia** (the "City"), as of and for the year ended June 30, 2023, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective 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 ("*Government Auditing Standards*"). 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 the 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.

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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.

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***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") (on pages 5 – 11), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on pages 45 and 46), and the Schedule of Contributions (on pages 47 and 48) 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 GAAS, 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 nonmajor fund financial statements and schedules and the Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds ("SPLOST"), as required by the Official Code of Georgia Annotated ("O.C.G.A") §48-8-121 are presented for the 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 GAAS. In our opinion, the Combining Nonmajor Fund Financial Statements and Schedules and the Schedules of Expenditures of SPLOST proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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***Other Reporting Required By Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023, 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*

Macon, Georgia  
December 8, 2023



# **CITY OF GROVETOWN, GEORGIA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

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Georgia law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that was established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

Mauldin & Jenkins, CPAs & Advisors has issued an unmodified opinion on the City of Grovetown, Georgia's (the "City") financial statements for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

As management of the City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent calendar year by \$61,837,204. Of this amount, \$32,571,755 reflects net investment in capital assets. At year-end, the City's unrestricted net position totaled \$18,567,789 and could be used at the discretion of the Mayor and City Council.
- The City reported a \$4,815,176 increase in net position for the year ended June 30, 2023. This is a decrease of \$4,682,442 from the prior year.
- As of June 30, 2023, the City's combined fund balance of the City's governmental funds was approximately \$22,638,175, an increase of \$2,979,780 from the prior year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### OVERVIEW OF THE FINANCIAL STATEMENTS

The following Management's Discussion and Analysis ("MD&A") serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

**Government-Wide Financial Statements** – The government-wide financial statements consist of two statements: 1) Statement of Net Position, and 2) Statement of Activities.

The *Statement of Net Position* presents information for the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes). Both the government-wide financial statements are prepared utilizing the accrual basis of accounting and distinguish functions of the City.

In the government-wide financial statements, the City is divided into two categories of activities:

*Governmental activities* – Most of the City's basic services are reported in this category, including the police, fire, transportation, culture and recreation, and general administration. Property taxes, sales taxes, insurance premium taxes, and franchise fees finance most of these activities.

*Business-type activities* – The City charges a fee to customers to help it cover the cost of services it provides. The City's water and sewer system and stormwater system are reported in this category.

### Reporting the City's Most Significant Funds

**Fund financial statements** – The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law. However, the City established many other funds to help it control and manage money for purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money. The City's two kinds of funds – governmental and proprietary – utilize different accounting approaches.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The balances left in the funds at year-end are those available for spending. These funds 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. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long-term effect of the government's near-term financing decisions.

The relationship or difference between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements. The City has five individual governmental funds (General Fund, Special Purpose Local Option Sales Tax proceeds ("SPLOST") 2017-2022 Fund, SPLOST 2018-2023 Fund, Police Seizure Fund, and Transportation SPLOST Fund).

Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the SPLOST 2017-2022 Fund, both of which are considered major funds. This information is also presented for the nonmajor funds.

**Proprietary funds** – The City charges customers for the services provided (water and sewer and stormwater service) to outside customers including other local governments. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and stormwater fund, both of which are considered to be major funds of the City. The proprietary fund financial statements can be found immediately following the governmental fund financial statements.

**Notes to the financial statements** – The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund statements. The notes to the basic financial statements can be found on pages 21 through 44 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees, budgetary comparative information for the General Fund and Proprietary Fund and infrastructure modified approach. Supplementary information begins on page 45.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

By far the largest portion of the City's net position (53%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses its capital assets to provide services to 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.

#### Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 23,582,761	\$ 20,849,661	\$ 7,278,202	\$ 7,619,402	\$ 30,860,963	\$ 28,469,063
Capital assets	27,054,262	25,367,356	31,281,791	31,016,165	58,336,053	56,383,521
Total assets	<u>50,637,023</u>	<u>46,217,017</u>	<u>38,559,993</u>	<u>38,635,567</u>	<u>89,197,016</u>	<u>84,852,584</u>
Deferred Outflow s of Resources	<u>745,777</u>	<u>434,329</u>	<u>93,093</u>	<u>55,299</u>	<u>838,870</u>	<u>489,628</u>
Current liabilities	1,266,955	819,960	557,867	437,668	1,824,822	1,257,628
Long-term liabilities	666,282	534,012	25,352,706	25,568,734	26,018,988	26,102,746
Total liabilities	<u>1,933,237</u>	<u>1,353,972</u>	<u>25,910,573</u>	<u>26,006,402</u>	<u>27,843,810</u>	<u>27,360,374</u>
Deferred Inflow s of Resources	<u>347,393</u>	<u>741,636</u>	<u>7,479</u>	<u>218,174</u>	<u>354,872</u>	<u>959,810</u>
Net position:						
Net investment in capital assets	26,671,324	25,050,748	5,900,431	5,448,563	32,571,755	30,499,311
Restricted for:						
Debt service	-	-	2,995,662	2,692,312	2,995,662	2,692,312
Capital projects	7,701,998	5,482,734	-	-	7,701,998	5,482,734
Unrestricted	14,728,848	14,022,256	3,838,941	4,325,415	18,567,789	18,347,671
Total net position	<u>\$ 49,102,170</u>	<u>\$ 44,555,738</u>	<u>\$ 12,735,034</u>	<u>\$ 12,466,290</u>	<u>\$ 61,837,204</u>	<u>\$ 57,022,028</u>

### Governmental Activities

The City's governmental revenues decreased by \$3,082,454 and expenses increased by \$1,294,080. Property taxes and selective taxes increased approximately \$605,469 and \$8,410, respectively. Operating grants and contributions was the largest decrease due to the receipt of the American Rescue Plan Act ("ARPA") funding from the federal government in the prior year. The City received \$5,658,307 in ARPA funds in 2021-2022. The most significant governmental expenses for the City were general government, public safety and public works expenses. Their expenses, respectively, approximately totaled \$3,597,323, \$5,274,796, and \$1,824,623.

The governmental activities net position increased \$4,546,432. Out of total net position, \$14,728,848 is unrestricted and available for future spending.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Business-type Activities

Revenue of the City's business-type activities were \$6,907,791 which is an increase of \$239,010 from the prior year. Expenses for the City's business-type activities increased by \$544,918 to \$6,639,047. The business-type activities change in net position was \$268,744. Out of total net position, \$3,838,941 is unrestricted and available for future spending. Overall, governmental and business-type activities increased the City's net position by \$4,815,176 for the year ended June 30, 2023. A summary of this increase is as follows:

### Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 4,158,558	\$ 2,365,553	\$ 6,524,340	\$ 6,425,232	\$ 10,682,898	\$ 8,790,785
Operating grants and contributions	178,328	5,869,862	-	-	178,328	5,869,862
Capital grants and contributions	1,807,748	2,467,068	289,044	222,718	2,096,792	2,689,786
General revenues:						
Property taxes	3,679,138	3,073,669	-	-	3,679,138	3,073,669
Sales taxes	326,353	317,943	-	-	326,353	317,943
Selective taxes	5,971,873	5,334,529	-	-	5,971,873	5,334,529
Franchise and business taxes	602,678	563,080	-	-	602,678	563,080
Unrestricted investment earnings	209,114	24,540	94,407	20,831	303,521	45,371
Total revenues	16,933,790	20,016,244	6,907,791	6,668,781	23,841,581	26,685,025
<b>Expenses</b>						
General government	3,597,323	3,589,450	-	-	3,597,323	3,589,450
Judicial	238,791	285,419	-	-	238,791	285,419
Public safety	5,274,796	4,691,088	-	-	5,274,796	4,691,088
Public works	1,824,623	1,217,192	-	-	1,824,623	1,217,192
Culture and recreation	833,237	679,926	-	-	833,237	679,926
Housing and development	606,296	626,509	-	-	606,296	626,509
Debt service	12,292	3,694	-	-	12,292	3,694
Business-type	-	-	6,639,047	6,094,129	6,639,047	6,094,129
Total expenses	12,387,358	11,093,278	6,639,047	6,094,129	19,026,405	17,187,407
Increase in net position before transfers	4,546,432	8,922,966	268,744	574,652	4,815,176	9,497,618
Transfers	-	93,330	-	(93,330)	-	-
Change in net position	4,546,432	9,016,296	268,744	481,322	4,815,176	9,497,618
Net position, beginning of year	44,555,738	35,539,442	12,466,290	11,984,968	57,022,028	47,524,410
Net position, end of year	\$ 49,102,170	\$ 44,555,738	\$ 12,735,034	\$ 12,466,290	\$ 61,837,204	\$ 57,022,028

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

As of June 30, 2023, the City had \$58,336,053 (net of accumulated depreciation) being reported as capital assets. This investment in capital assets includes police and fire equipment, buildings, park facilities, roads and utility system upgrades. Major capital asset additions during the year included improvements and expansion of the City's sewer lines, and equipment and vehicles purchased for various City departments. More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 3,881,234	\$ 3,507,137	\$ 598,300	\$ 598,300	\$ 4,479,534	\$ 4,105,437
Construction in progress	220,949	76,123	113,816	24,253,391	334,765	24,329,514
Buildings and improvements	8,478,789	8,341,506	-	-	8,478,789	8,341,506
Vehicles and utility systems	8,121,862	7,259,862	2,104,092	1,903,760	10,225,954	9,163,622
Infrastructure	32,514,901	30,657,212	38,356,000	13,260,905	70,870,901	43,918,117
	53,217,735	49,841,840	41,172,208	40,016,356	94,389,943	89,858,196
Accumulated depreciation	(26,163,473)	(24,474,484)	(9,890,417)	(9,000,191)	(36,053,890)	(33,474,675)
Total	\$ 27,054,262	\$ 25,367,356	\$ 31,281,791	\$ 31,016,165	\$ 58,336,053	\$ 56,383,521

#### Long-Term Liabilities

A majority of the City's long-term obligations were secured to fund its investments in capital assets. Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Notes 5 and 6 to the financial statements.

#### General Fund Budgetary Highlights

The final budgeted operating revenues increased by \$1,447,794, or approximately 12% from the original budget because of increased funding from Property Taxes, Local Option Sales Tax ("LOST") and Title Ad Valorem Tax ("TAVT"). The final budgeted operating expenditures increased by \$1,447,794, or approximately 12% primarily due to increased personnel costs and purchase of land for future use.

Every year, the City's overall goal is to provide essential services to our citizens as cost effectively and professionally as possible. The Mayor and the City Council members work diligently to prepare for the future while ensuring that current processes work as efficiently as possible and continue to seek improvement. The City's governing body shows great diligence in creating a sound budget. For the year, actual revenues and expenditures were comparable with budgeted amounts.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Economic Factors and Next Year's Budget and Rates**

The Mayor, City Council members and their appointed officials have continued to aggressively address the current and future needs of the City. The City's elected and appointed officials consider many factors when setting the fiscal year 2022-2023 budget: property tax rates, expected sales tax and insurance premium tax, and various fees that will be collected. One of the factors is the economy. Although Grovetown, Georgia is a small city, the local economy remains strong. The City's growth has been fueled by new residential development over the past several years. Along with the residential growth, the City has attracted several commercial developments.

### **Requests for information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be addressed to:

City of Grovetown  
Attn: Finance Director  
P.O. Box 120  
Grovetown, Georgia 30813

## **BASIC FINANCIAL STATEMENTS**



# CITY OF GROVETOWN, GEORGIA

## STATEMENT OF NET POSITION JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total Primary Government
<b>ASSETS</b>			
Cash and cash equivalents	\$ 20,151,605	\$ 3,511,877	\$ 23,663,482
Investments	1,923,037	147,236	2,070,273
Taxes receivable	25,596	-	25,596
Accounts receivable	138,625	499,318	637,943
Due from other governments	600,746	-	600,746
Prepaid expenses	345,518	124,109	469,627
Restricted assets:			
Cash and cash equivalents	-	2,995,662	2,995,662
Capital assets:			
Right-to- use leased asset, net of amortization	397,634	-	397,634
Nondepreciable	4,102,183	712,116	4,814,299
Depreciable, net of accumulated depreciation	22,952,079	30,569,675	53,521,754
Total assets	<u>50,637,023</u>	<u>38,559,993</u>	<u>89,197,016</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	<u>745,777</u>	<u>93,093</u>	<u>838,870</u>
<b>LIABILITIES</b>			
Accounts payable	431,254	174,354	605,608
Accrued liabilities	112,775	82,202	194,977
Retainage payable	-	77,885	77,885
Customer deposits payable	-	29,307	29,307
Lease liability due within one year	98,794	-	98,794
Lease liability due in more than one year	284,144	-	284,144
Notes payable due within one year	-	712,418	712,418
Notes payable due in more than one year	-	24,591,057	24,591,057
Compensated absences due within one year	196,791	8,087	204,878
Compensated absences due in more than one year	86,553	41,144	127,697
Net pension liability	722,926	194,119	917,045
Total liabilities	<u>1,933,237</u>	<u>25,910,573</u>	<u>27,843,810</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	<u>347,393</u>	<u>7,479</u>	<u>354,872</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,671,324	5,900,431	32,571,755
Restricted for debt service	-	2,995,662	2,995,662
Restricted for public safety	26,388	-	26,388
Restricted for capital projects	7,675,610	-	7,675,610
Unrestricted	14,728,848	3,838,941	18,567,789
Total net position	<u>\$ 49,102,170</u>	<u>\$ 12,735,034</u>	<u>\$ 61,837,204</u>

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

**CITY OF GROVETOWN, GEORGIA**

**STATEMENT OF ACTIVITIES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities:							
General government	\$ 3,597,323	\$ 2,037,465	\$ -	\$ -	\$ (1,559,858)	\$ -	\$ (1,559,858)
Judicial	238,791	-	-	-	(238,791)	-	(238,791)
Public safety	5,274,796	1,932,649	178,328	-	(3,163,819)	-	(3,163,819)
Public works	1,824,623	130,742	-	1,807,748	113,867	-	113,867
Parks and recreation	833,237	57,702	-	-	(775,535)	-	(775,535)
Economic development	606,296	-	-	-	(606,296)	-	(606,296)
Interest on long-term debt	12,292	-	-	-	(12,292)	-	(12,292)
Total governmental activities	<u>12,387,358</u>	<u>4,158,558</u>	<u>178,328</u>	<u>1,807,748</u>	<u>(6,242,724)</u>	<u>-</u>	<u>(6,242,724)</u>
Business-type activities:							
Water and sewer	6,207,718	6,113,152	-	289,044	-	194,478	194,478
Stormwater	431,329	411,188	-	-	-	(20,141)	(20,141)
Total business-type activities	<u>6,639,047</u>	<u>6,524,340</u>	<u>-</u>	<u>289,044</u>	<u>-</u>	<u>174,337</u>	<u>174,337</u>
Total primary government	<u>\$ 19,026,405</u>	<u>\$ 10,682,898</u>	<u>\$ 178,328</u>	<u>\$ 2,096,792</u>	<u>(6,242,724)</u>	<u>174,337</u>	<u>(6,068,387)</u>
General revenues:							
Property taxes					3,679,138	-	3,679,138
Sales taxes					326,353	-	326,353
Insurance premium tax					1,357,463	-	1,357,463
Alcoholic beverage taxes					636,195	-	636,195
Other taxes					3,978,215	-	3,978,215
Franchise taxes					602,678	-	602,678
Unrestricted investment earnings					209,114	94,407	303,521
Total general revenues					<u>10,789,156</u>	<u>94,407</u>	<u>10,883,563</u>
Change in net position					<u>4,546,432</u>	<u>268,744</u>	<u>4,815,176</u>
Net position, beginning of year					<u>44,555,738</u>	<u>12,466,290</u>	<u>57,022,028</u>
Net position, end of year					<u>\$ 49,102,170</u>	<u>\$ 12,735,034</u>	<u>\$ 61,837,204</u>

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

# CITY OF GROVETOWN, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2023

	General Fund	SPLOST 2017-2022 Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,677,317	\$ 5,271,178	\$ 2,203,110	\$ 20,151,605
Investments	1,923,037	-	-	1,923,037
Taxes receivable	25,596	-	-	25,596
Accounts receivable	138,625	-	-	138,625
Due from other governments	322,662	-	278,084	600,746
Prepaid expenditures	345,518	-	-	345,518
Total assets	<u>\$ 15,432,755</u>	<u>\$ 5,271,178</u>	<u>\$ 2,481,194</u>	<u>\$ 23,185,127</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 380,880	\$ 46,824	\$ 3,550	\$ 431,254
Accrued liabilities	112,775	-	-	112,775
Total liabilities	<u>493,655</u>	<u>46,824</u>	<u>3,550</u>	<u>544,029</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	2,923	-	-	2,923
Total deferred inflows of resources	<u>2,923</u>	<u>-</u>	<u>-</u>	<u>2,923</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid expenditures	345,518	-	-	345,518
Restricted for:				
Public safety	-	-	26,388	26,388
Capital projects	-	5,224,354	2,451,256	7,675,610
Unassigned	14,590,659	-	-	14,590,659
Total fund balances	<u>14,936,177</u>	<u>5,224,354</u>	<u>2,477,644</u>	<u>22,638,175</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,432,755</u>	<u>\$ 5,271,178</u>	<u>\$ 2,481,194</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	27,451,896
Pension related deferred inflows and outflows are not reported in the funds.	398,384
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(283,344)
Lease payable	(382,938)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,923
Net pension asset is not due and payable in the current period and, therefore, is not reported in the funds.	(722,926)
Net position of governmental activities	<u>\$ 49,102,170</u>

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

# CITY OF GROVETOWN, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	SPLOST 2017-2022 Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 4,973,125	\$ -	\$ -	\$ 4,973,125
Other taxes	5,335,678	-	-	5,335,678
Charges for services	1,939,351	-	-	1,939,351
Licenses and permits	291,900	-	-	291,900
Intergovernmental	178,328	1,740,240	1,738,420	3,656,988
Fines and forfeitures	464,538	-	-	464,538
Interest revenue	198,217	62,953	15,203	276,373
Other revenues	250	-	-	250
Total revenues	<u>13,381,387</u>	<u>1,803,193</u>	<u>1,753,623</u>	<u>16,938,203</u>
<b>Expenditures</b>				
Current:				
General government	3,875,831	-	-	3,875,831
Judicial	236,171	-	-	236,171
Public safety	3,945,506	-	6,357	3,951,863
Public works	3,129,891	-	-	3,129,891
Culture and recreation	890,614	-	-	890,614
Housing and economic development	606,296	-	-	606,296
Capital outlay	-	1,190,343	140,952	1,331,295
Debt service:				
Principal	106,099	-	-	106,099
Interest	12,292	-	-	12,292
Total expenditures	<u>12,802,700</u>	<u>1,190,343</u>	<u>147,309</u>	<u>14,140,352</u>
Excess of revenues over expenditures	<u>578,687</u>	<u>612,850</u>	<u>1,606,314</u>	<u>2,797,851</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	100	100
Transfers out	(100)	-	-	(100)
Proceeds from lease	172,429	-	-	172,429
Proceeds from the sale of capital assets	9,500	-	-	9,500
Total other financing sources, net	<u>181,829</u>	<u>-</u>	<u>100</u>	<u>181,929</u>
Net change in fund balances	760,516	612,850	1,606,414	2,979,780
<b>Fund balances, beginning of year</b>	<u>14,175,661</u>	<u>4,611,504</u>	<u>871,230</u>	<u>19,658,395</u>
<b>Fund balances, end of year</b>	<u><u>\$ 14,936,177</u></u>	<u><u>\$ 5,224,354</u></u>	<u><u>\$ 2,477,644</u></u>	<u><u>\$ 22,638,175</u></u>

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

# CITY OF GROVETOWN, 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, 2023

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

Net change in fund balances - total governmental funds	\$	2,979,780
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset additions	\$	3,538,962	
Right-to-use leased asset additions		171,885	
Amortization expense		(90,104)	
Depreciation expense		<u>(1,843,821)</u>	1,776,922

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations) is to decrease net position.	(8,235)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(4,413)
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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 payment on capital leases payable.

Issuance of lease liabilities	\$	(172,429)	
Repayment of principal on long-term debt		<u>106,099</u>	(66,330)

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 following amounts represent the net liability changes using the full accrual method of accounting:

Compensated absences	\$	(65,940)	
Net pension liability and related deferred inflows and outflows		<u>(65,352)</u>	(131,292)

Change in net position - governmental activities	\$	<u><u>4,546,432</u></u>
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The accompanying notes are an integral part of these financial statements.

# CITY OF GROVETOWN, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Property taxes	\$ 4,365,000	\$ 4,954,568	\$ 4,973,125	\$ 18,557
Other taxes	4,598,500	5,314,963	5,335,678	20,715
Charges for services	1,800,000	1,867,785	1,939,351	71,566
Licenses and permits	320,000	270,000	291,900	21,900
Intergovernmental	155,000	171,781	178,328	6,547
Fines and forfeitures	420,000	480,197	464,538	(15,659)
Interest revenue	65,000	112,000	198,217	86,217
Other revenues	-	-	250	250
Total revenues	11,723,500	13,171,294	13,381,387	210,093
<b>Current</b>				
<b>General government:</b>				
Administration	3,776,093	4,089,492	3,875,831	213,661
Total general government	3,776,093	4,089,492	3,875,831	213,661
<b>Judicial:</b>				
Municipal court	241,264	241,264	236,171	5,093
Total judicial	241,264	241,264	236,171	5,093
<b>Public safety:</b>				
Police	2,212,574	2,081,272	2,142,380	(61,108)
Fire	1,545,882	1,767,260	1,803,126	(35,866)
Total public safety	3,758,456	3,848,532	3,945,506	(96,974)
<b>Public works:</b>				
Administration	2,427,137	3,231,721	3,129,891	101,830
Total public works	2,427,137	3,231,721	3,129,891	101,830
<b>Housing and economic development:</b>				
Administration	724,854	723,874	606,296	117,578
Total housing and economic development	724,854	723,874	606,296	117,578
<b>Culture and recreation:</b>				
Administration	850,696	1,041,961	890,614	151,347
Total culture and recreation	850,696	1,041,961	890,614	151,347
<b>Debt service</b>	-	-	118,391	118,391
Total expenditures	11,778,500	13,176,844	12,802,700	610,926
Excess (deficiency) of revenues over expenditures	(55,000)	(5,550)	578,687	(400,833)
<b>Other financing sources (uses)</b>				
Transfers out	-	-	(100)	(100)
Proceeds from capital lease	-	-	172,429	172,429
Proceeds from the sale of capital assets	55,000	5,550	9,500	3,950
Total other financing sources, net	55,000	5,550	181,829	176,279
Net change in fund balances	-	-	760,516	(224,554)
<b>Fund balances, beginning of year</b>	14,175,661	14,175,661	14,175,661	-
<b>Fund balances, end of year</b>	\$ 14,175,661	\$ 14,175,661	\$ 14,936,177	\$ (224,554)

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

# CITY OF GROVETOWN, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2023

	Water and Sewer Fund	Nonmajor Stormwater Fund	Totals
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 3,088,407	\$ 423,470	\$ 3,511,877
Investments	147,236	-	147,236
Prepaid expenses	124,109	-	124,109
Accounts receivable, net	427,883	71,435	499,318
Due from other funds	181,421	-	181,421
Total current assets	<u>3,969,056</u>	<u>494,905</u>	<u>4,463,961</u>
<b>NON-CURRENT ASSETS</b>			
Restricted cash	2,995,662	-	2,995,662
Capital assets - nondepreciable	712,116	-	712,116
Capital assets - depreciable, net	30,476,436	93,239	30,569,675
Total non-current assets	<u>34,184,214</u>	<u>93,239</u>	<u>34,277,453</u>
Total assets	<u>38,153,270</u>	<u>588,144</u>	<u>38,741,414</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	93,093	-	93,093
Total deferred outflows of resources	<u>93,093</u>	<u>-</u>	<u>93,093</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	172,948	1,406	174,354
Retainage payable	77,885	-	77,885
Accrued liabilities	79,137	3,065	82,202
Customer deposits payable	29,307	-	29,307
Due to other funds	-	181,421	181,421
Notes payable due within one year	712,418	-	712,418
Compensated absences due within one year	5,646	2,441	8,087
Total current liabilities	<u>1,077,341</u>	<u>188,333</u>	<u>1,265,674</u>
<b>NON-CURRENT LIABILITIES</b>			
Net pension liability	194,119	-	194,119
Notes payable due in more than one year	24,591,057	-	24,591,057
Compensated absences due in more than one year	41,104	40	41,144
Total non-current liabilities	<u>24,826,280</u>	<u>40</u>	<u>24,826,320</u>
Total liabilities	<u>25,903,621</u>	<u>188,373</u>	<u>26,091,994</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	7,479	-	7,479
Total deferred inflows of resources	<u>7,479</u>	<u>-</u>	<u>7,479</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,807,192	93,239	5,900,431
Restricted for debt service	2,995,662	-	2,995,662
Unrestricted	3,532,409	306,532	3,838,941
Total net position	<u>\$ 12,335,263</u>	<u>\$ 399,771</u>	<u>\$ 12,735,034</u>

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

# CITY OF GROVETOWN, GEORGIA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Water and Sewer Fund	Nonmajor Stormwater Fund	Totals
<b>OPERATING REVENUES</b>			
Water sales	\$ 2,466,660	\$ -	\$ 2,466,660
Sewer sales	1,888,954	-	1,888,954
Water and wastewater tap fees	169,644	-	169,644
Stormwater fees	-	411,188	411,188
Late fees	173,496	-	173,496
Other	1,414,398	-	1,414,398
Total operating revenues	<u>6,113,152</u>	<u>411,188</u>	<u>6,524,340</u>
<b>OPERATING EXPENSES</b>			
Personnel services	1,346,199	146,600	1,492,799
Professional fees	404,055	61,903	465,958
Technical services	46,234	-	46,234
Testing and training	27,005	3,944	30,949
Vehicle expense	108,507	183,123	291,630
Insurance and pension costs	651,045	1,201	652,246
Utilities	348,417	-	348,417
Maintenance and repairs	471,511	-	471,511
Postage and supplies	221,789	10,572	232,361
Miscellaneous	180,162	260	180,422
County water and sewerage	764,498	-	764,498
Small equipment	20,180	-	20,180
Depreciation	933,893	23,726	957,619
Total operating expenses	<u>5,523,495</u>	<u>431,329</u>	<u>5,954,824</u>
Operating income (loss)	589,657	(20,141)	569,516
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest expense	(684,223)	-	(684,223)
Interest revenue	91,117	3,290	94,407
Total non-operating revenues (expenses)	<u>(593,106)</u>	<u>3,290</u>	<u>(589,816)</u>
Loss before capital contributions and transfers	(3,449)	(16,851)	(20,300)
<b>CAPITAL CONTRIBUTIONS</b>	<u>190,366</u>	<u>98,678</u>	<u>289,044</u>
<b>TRANSFERS</b>			
Transfers in	-	25,000	25,000
Transfers out	(25,000)	-	(25,000)
Total transfers	<u>(25,000)</u>	<u>25,000</u>	<u>-</u>
Change in net position	161,917	106,827	268,744
<b>NET POSITION, beginning of year</b>	<u>12,173,346</u>	<u>292,944</u>	<u>12,466,290</u>
<b>NET POSITION, end of year</b>	<u><u>\$ 12,335,263</u></u>	<u><u>\$ 399,771</u></u>	<u><u>\$ 12,735,034</u></u>

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



# CITY OF GROVETOWN, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Water and Sewer Fund	Nonmajor Stormwater Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 5,993,344	\$ 411,365	\$ 6,404,709
Payments to suppliers	(3,257,154)	(308,884)	(3,566,038)
Payments to employees	(1,424,490)	(149,780)	(1,574,270)
Net cash provided by (used in) operating activities	<u>1,311,700</u>	<u>(47,299)</u>	<u>1,264,401</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	(25,000)	25,000	-
Net cash provided by (used in) noncapital financing activities	<u>(25,000)</u>	<u>25,000</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(934,201)	-	(934,201)
Proceeds from notes payable	300,358	-	300,358
Principal paid on bonds and notes	(521,818)	-	(521,818)
Interest paid	(685,093)	-	(685,093)
Net cash used in capital and related financing activities	<u>(1,840,754)</u>	<u>-</u>	<u>(1,840,754)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest revenue	91,117	3,290	94,407
Net cash provided by investing activities	<u>91,117</u>	<u>3,290</u>	<u>94,407</u>
Change in cash and cash equivalents	(462,937)	(19,009)	(481,946)
<b>Cash and cash equivalents:</b>			
Beginning of year	6,547,006	442,479	6,989,485
End of year	<u>\$ 6,084,069</u>	<u>\$ 423,470</u>	<u>\$ 6,507,539</u>
<b>Classified as:</b>			
Cash and cash equivalents	\$ 3,088,407	\$ 423,470	\$ 3,511,877
Restricted assets, cash	2,995,662	-	2,995,662
	<u>\$ 6,084,069</u>	<u>\$ 423,470</u>	<u>\$ 6,507,539</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 589,657	\$ (20,141)	\$ 569,516
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	933,893	23,726	957,619
Changes in assets and liabilities:			
Decrease in accounts receivable	66,804	122	66,926
Decrease (increase) in prepaid expense	(8,096)	55	(8,041)
Decrease in due from other funds	25,000	-	25,000
Increase in deferred outflows of resources - pension	(37,794)	-	(37,794)
Decrease in accounts payable	(40,873)	(17,981)	(58,854)
Decrease in accrued liabilities	(44,443)	-	(44,443)
Increase in retainage payable	35,218	-	35,218
Increase (decrease) in compensated absences	8,612	(3,180)	5,432
Increase in net pension liability	206,029	-	206,029
Decrease in customer deposits	(2,168)	(2,803)	(4,971)
Decrease in due to other funds	(209,444)	(27,097)	(236,541)
Decrease in deferred inflows of resources - pension	(210,695)	-	(210,695)
Net cash provided by (used in) operating activities	<u>\$ 1,311,700</u>	<u>\$ (47,299)</u>	<u>\$ 1,264,401</u>
<b>Non-cash investing, capital, and financing activities:</b>			
Capital contributions	<u>\$ 190,366</u>	<u>\$ 98,678</u>	<u>\$ 289,044</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

The accounting and reporting policies of the City of Grovetown, Georgia (the “City”) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America (“GAAP”) applicable to state and local governments.

**A. Financial Reporting Entity – Basis of Presentation**

Primary Government – The City was created in 1881. The City provides public safety, streets and highways, public improvements, culture and recreation, planning and development, and general and administrative services to its citizens. The accompanying financial statements present the City’s primary government, for which the City is financially accountable. Additionally, the City is not financially accountable for any component units.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide financial statements report information on all the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund financial statements, if applicable. Governmental activities are supported mainly by taxes and intergovernmental revenues.

The Statement of Activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, and 2) grants and contributions that are restricted to meeting the operational capital requirements of a function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Each major fund is reported in separate columns in the fund financial statements. The combined amounts for these are reflected in a single column in the fund balance sheet and the fund Statement of Revenues, Expenditures and Changes in Fund Balance.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing and related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements have been met. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund level 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 collected within the current fiscal period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Major revenue sources that are susceptible to accrual are property taxes, sales taxes, insurance premium taxes, and intergovernmental revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, post-employment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public works, streets, recreation and capital acquisitions.

The **Special Purpose Local Option Sales Tax ("SPLOST") 2017-2022 Fund** is used to account for monies received from intergovernmental revenues (i.e., special purpose local option sales taxes) for various City projects.

Proprietary Fund financial statements are used to account for activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds are accounted for using the accrual basis of accounting as follows:

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

The City reports the following major proprietary fund:

The **Water and Sewer Fund** is used to account for water and sewer operations as well as construction and maintenance of water and sewerage projects.

Additionally, the City reports the following fund types:

The **Special Revenue Funds** account for revenue sources that are legally restricted to expenditures for specific purposes.

The **Capital Projects Fund** accounts for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

The **Stormwater Fund** accounts for the City's stormwater operations and related capital projects.

#### D. Cash, Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less. State statutes and the City's official investment policy authorize the City to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, bankers' acceptances, money market mutual funds and direct obligations of the State of Georgia.

The City records investments at fair market value in accordance with GAAP. All investment income is recognized as revenue in the appropriate fund's statement of activity of revenues, expenditures and changes in fund balance.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### E. Receivables and Payables

Property tax receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible accounts.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met. Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

#### F. Deferred Outflows/Inflows of Resources

Governmental Accounting Standards Board ("GASB") Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a Statement of Net Position.

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 three items that qualify for reporting in this category that relate to the City's defined benefit pension plan and are consumptions of net position that apply to future periods. The three items are the changes in assumptions, experience differences, and the City's contributions subsequent to the measurement date. As such, they will be recognized as expenses/expenditures when consumed.

In addition to liabilities, the Statement of Net Position and the governmental funds balance sheet 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items which qualify for reporting in this category, one of which only arises under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and business licenses and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Deferred Outflows/Inflows of Resources (Continued)

The other three items relate to the City's defined benefit pension plan and are the changes in assumptions, investment earnings differences, and experience differences.

#### G. Prepaid Expenses

Expenditures for insurance and similar services extending over more than one accounting period are allocated between accounting periods. Reported prepaid expenses are equally offset by a nonspendable fund balance reserve.

#### H. Capital Assets

Capital assets and right to use leased assets, which include land, buildings and infrastructure assets (e.g., roads and bridges), are reported in the government-wide financial statements. Capital assets such as vehicles, furniture and equipment are defined as assets with a cost of \$5,000 or more. Computers and weapons, regardless of cost, are included as capital assets. Infrastructure assets include City-owned roads, curbs, sidewalks and drainage. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets, except for infrastructure, are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings	40 – 50
Improvements	10 – 40
Infrastructure	25 – 50
Utility systems	25 – 50
Furniture and fixtures	5 – 7
General equipment	5 – 10
Right-to-use leased equipment	5 – 10
Vehicles	4 – 7
Right-to-use leased vehicles	4 – 7
Computer hardware	3 – 5

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### I. Leases

##### *Lessee*

The City is a lessee for noncancellable leases of equipment and vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.



## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. Compensated Absences and Post-Retirement Benefits

The vacation policy of the City provides for the accumulation of up to a certain amount of earned vacation leave with such leave being fully vested when earned. For the City's government-wide financial statements and proprietary fund financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded when leave is earned.

The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. No accrual has been established for accumulated sick leave of employees since it is the City's policy to record the cost of sick leave only when it is used.

#### K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

#### L. Unemployment Compensation Benefits

The City is the reimbursing employer for unemployment compensation benefits. Reimbursements are made based on regular billings received from the Georgia Unemployment Commission.

#### M. Fund Equity

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

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities 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 purposes for which amounts in those funds can be spent.

Fund balances are classified as follows:

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Fund Equity (Continued)

- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission through the adoption of a resolution. Only the City Commission may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Through resolution, the City Commission has authorized the City's Chief Financial Officer, Finance Director, or Director of Administrative Services to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

**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.

**Net Position** – Net position represents the difference between assets 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 are available.

#### N. Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### O. Stewardship, Compliance and Accountability Budgetary Information

During the year preceding the budget year, the City follows the below administrative and fiscal procedures in establishing the budgetary data reflected in the accompanying financial statements of the General Fund:

In March, the City Administrator and other department heads prepare a tentative budget to be given to the Mayor for review. After the review is completed, the City publishes notice of a public hearing on the proposed budget. The hearing is held a week from the date the notice is published. After the public hearing has been held, the budget is voted on and approved at the first City Council meeting in June. Changes in and amendments to the adopted budget are approved during the year, if reserves are available to fund these modifications.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, for the General Fund, presents a comparison of the legally adopted budget with actual operating results on a budgetary basis. The City's budget is prepared using GAAP. Encumbrance accounting, under which purchase orders and contracts are recorded to reserve that portion of the applicable appropriation, is not used by the City.

### NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Total deposits and investments as of June 30, 2023 are summarized as follows:

Amounts as presented on the entity-wide Statement of Net Position:

Cash and cash equivalents	\$ 23,663,482
Investments	2,070,273
Restricted cash and cash equivalents	2,995,662
Total	<u>\$ 28,729,417</u>
Cash deposited with financial institutions	\$ 26,659,144
Certificates of deposit	2,070,273
Total	<u>\$ 28,729,417</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 bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the City's policy to limit its investments to those allowed and authorized by state law.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (CONTINUED)

**Interest Rate Risk.** The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At June 30, 2023, the City had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	Various	<u>\$ 2,070,273</u>

**Fair Value Measurements.** The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The certificates of deposit is an investment which does not meet the criteria of GASB No. 72. As a result, the City does not disclose the certificates of deposits within the fair value hierarchy.

**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. As of June 30, 2023, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

**Custodial Credit Risk – Investments.** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3. RECEIVABLES

Property tax receivables – The Columbia County Tax Commissioner bills and collects property taxes, then remits the City its respective share of property taxes. Property taxes for 2022 were levied on August 2, 2022 and were due November 15, 2022. Thirty (30) days after the due date, the unpaid taxes became a lien. Unpaid property taxes received within sixty (60) days of the year-end are recognized and recorded as revenue.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied prior to November 15, and are delinquent after that date.

Intergovernmental receivables – The City receives approximately 11% of a 1% local option sales tax on all retail sales within the City. The proceeds of such tax collected each year are used to reduce, on a dollar for dollar basis, the millage equivalent amount of property taxes to be levied in the subsequent year. Local option sales tax received during the year ended June 30, 2023 amounted to \$3,789,065.

The City also receives approximately 5.8% of 1% SPLOST funds to be used as designated and approved after public hearings. The approved expenditures are generally for capital projects in the City. The SPLOST 2017-2022 Fund received \$1,740,240 and SPLOST 2023-2028 Fund received \$1,461,170 during the year ended June 30, 2023.

Receivables as of year-end for the governmental activities and business-type activities, individual major governmental funds, including the applicable allowances for uncollectible accounts, as required by GAAP are as follows:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Nonmajor Stormwater</u>	<u>Total</u>
Receivables:					
Taxes	\$ 25,596	\$ -	\$ -	\$ -	\$ 25,596
Accounts	145,938	-	436,720	89,398	672,056
Due from other governments	322,662	278,084	-	-	600,746
Gross receivables	494,196	278,084	436,720	89,398	1,298,398
Less: allowance	(7,313)	-	(8,837)	(17,963)	(34,113)
Total receivables	<u>\$ 486,883</u>	<u>\$ 278,084</u>	<u>\$ 427,883</u>	<u>\$ 71,435</u>	<u>\$ 1,264,285</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS

Changes in capital assets for governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,507,137	\$ 374,097	\$ -	\$ -	\$ 3,881,234
Construction in process	76,123	144,826	-	-	220,949
Total capital assets, not being depreciated	3,583,260	518,923	-	-	4,102,183
Capital assets, being depreciated:					
Infrastructure	30,657,212	1,857,689	-	-	32,514,901
Buildings and improvements	8,341,506	137,283	-	-	8,478,789
Vehicles and equipment	7,091,592	1,025,067	(163,067)	-	7,953,592
Utility systems	168,270	-	-	-	168,270
Total capital assets, being depreciated	46,258,580	3,020,039	(163,067)	-	49,115,552
Less accumulated depreciation for:					
Infrastructure	(16,336,454)	(898,594)	-	-	(17,235,048)
Buildings and improvements	(3,303,037)	(237,187)	-	-	(3,540,224)
Vehicles and equipment	(4,810,749)	(703,881)	154,832	-	(5,359,798)
Utility systems	(24,244)	(4,159)	-	-	(28,403)
Total accumulated depreciation	(24,474,484)	(1,843,821)	154,832	-	(26,163,473)
Total capital assets, being depreciated, net	21,784,096	1,176,218	(8,235)	-	22,952,079
Lease assets, net	315,853	81,781	-	-	397,634
Governmental activities capital assets, net	<u>\$ 25,683,209</u>	<u>\$ 1,776,922</u>	<u>\$ (8,235)</u>	<u>\$ -</u>	<u>\$ 27,451,896</u>

Depreciation expense for the year ended June 30, 2023 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 114,341
Public safety	438,037
Public works	1,029,506
Recreation	261,937
Total depreciation expense - governmental activities	<u>\$ 1,843,821</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for business-type activities are as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 598,300	\$ -	\$ -	\$ -	\$ 598,300
Construction in process	24,253,391	927,737	-	(25,067,312)	113,816
Total capital assets, not being depreciated	24,851,691	927,737	-	(25,067,312)	712,116
Capital assets, being depreciated:					
Vehicles	744,817	169,047	-	-	913,864
Machinery and equipment	1,158,943	98,678	(67,393)	-	1,190,228
Utility systems	13,260,905	27,783	-	25,067,312	38,356,000
Total capital assets, being depreciated	15,164,665	295,508	(67,393)	25,067,312	40,460,092
Less accumulated depreciation for:					
Vehicles	(647,205)	(134,188)	-	-	(781,393)
Machinery and equipment	(629,979)	(105,389)	67,393	-	(667,975)
Utility systems	(7,723,007)	(718,042)	-	-	(8,441,049)
Total accumulated depreciation	(9,000,191)	(957,619)	67,393	-	(9,890,417)
Total capital assets, being depreciated, net	6,164,474	(662,111)	-	25,067,312	30,569,675
Business-type activities capital assets, net	<u>\$ 31,016,165</u>	<u>\$ 265,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,281,791</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5. LEASES

A summary of lease asset activity for the City for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Remeasurements	Deductions	Ending Balance
<b>Governmental activities:</b>					
Lease assets:					
Vehicles and equipment	\$ 391,633	\$ 171,885	\$ -	\$ -	\$ 563,518
Total	391,633	171,885	-	-	563,518
Less accumulated depreciation for:					
Vehicles and equipment	(75,780)	(90,104)	-	-	(165,884)
Total accumulated depreciation	(75,780)	(90,104)	-	-	(165,884)
Total leased assets, net	315,853	81,781	-	-	397,634
Governmental activities capital assets, net	\$ 315,853	\$ 81,781	\$ -	\$ -	\$ 397,634

### NOTE 6. LONG-TERM DEBT

Debt under governmental activities consist of the following for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 217,404	\$ 228,928	\$ (162,988)	\$ 283,344	\$ 196,791
Lease liability	316,608	172,429	(106,099)	382,938	98,794
Net pension liability (asset)	(48,117)	1,074,453	(303,410)	722,926	-
Governmental activities Long-term liabilities	\$ 485,895	\$ 1,475,810	\$ (572,497)	\$ 1,389,208	\$ 295,585

In December 2021, the City entered into a five-year lease agreement as lessee for the acquisition and use of police vehicles. An initial lease liability was recorded in the amount of \$144,845. As of June 30, 2023, the value of the lease liability was \$86,772. The City is required to make monthly principal and interest payments in the amount of \$31,834. The lease has an interest rate of 4.95%. The equipment has a five-year estimated useful life and the value of the right-to-use asset as of the end of the current fiscal year was \$87,125 and had accumulated amortization of \$57,720.



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

In February 2023, the City entered into a five-year lease agreement as lessee for the acquisition and use of police vehicles. An initial lease liability was recorded in the amount of \$172,429. As of June 30, 2023, the value of the lease liability was \$132,756. The City is required to make monthly principal and interest payments in the amount of \$39,672. The lease has an interest rate of 4.95%. The equipment has a five-year estimated useful life and the value of the right-to-use asset as of the end of the current fiscal year was \$157,560 and had accumulated amortization of \$14,324.

In February 2022, the City entered into a five-year lease agreement as lessee for the acquisition and use of a street sweeper. An initial lease liability was recorded in the amount of \$246,788. As of June 30, 2023, the value of the lease liability was \$163,411. The City is required to make monthly principal and interest payments in the amount of \$46,885. The lease has an interest rate of 7.54%. The equipment has a five-year estimated useful life and the value of the right-to-use asset as of the end of the current fiscal year was \$152,949 and had accumulated amortization of \$93,840.

Principal and interest payments are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 98,794	\$ 19,597	\$ 118,391
2025	103,849	14,541	118,390
2026	131,216	9,199	140,415
2027	49,079	2,782	51,861
Total	<u>\$ 382,938</u>	<u>\$ 46,119</u>	<u>\$ 429,057</u>

Debt under business-type activities consists of the following for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
GEFA note	\$ 830,546	\$ -	\$ (75,950)	\$ 754,596	\$ 78,259
GEFA note - forgiven portion	500,000	-	(50,000)	450,000	50,000
GEFA note - Euchee Creek	331,055	-	(45,163)	285,892	46,046
GEFA note - WWTP	23,863,334	300,358	(350,705)	23,812,987	538,113
Compensated absences	43,799	45,472	(40,040)	49,231	8,087
Net pension liability (asset)	(11,910)	288,511	(82,482)	194,119	-
Business-type activities					
Long-term liabilities	<u>\$ 25,556,824</u>	<u>\$ 634,341</u>	<u>\$ (644,340)</u>	<u>\$ 25,546,825</u>	<u>\$ 720,505</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

A summary of notes payable as of June 30, 2023 follows:

In 2009, the City signed a \$2,500,000 note payable contract along with \$1,000,000 principal forgiveness as part of the American Reinvestment Recovery Act. This funding is to help finance the water system improvements. Payments of \$8,319 are made monthly on the \$1,500,000 unforgiven portion with interest. The interest rate is 3.00% per annum and interest expense during the year ended June 30, 2023 was \$23,878.

Principal and interest payments are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 78,259	\$ 21,569	\$ 99,828
2025	80,640	19,187	99,827
2026	83,093	16,735	99,828
2027	85,650	14,207	99,857
2028	88,225	11,603	99,828
2029 – 2032	338,729	22,262	360,991
Total	<u>\$ 754,596</u>	<u>\$ 105,563</u>	<u>\$ 860,159</u>

The notes are expected to be paid with resources of the proprietary funds and thus are reported as liabilities of those funds.

The \$1,000,000 forgiven portion is amortized over the life of the existing note and is considered only as a long-term liability. No interest is accrued. Principal forgiveness is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 50,000	\$ -	\$ 50,000
2025	50,000	-	50,000
2026	50,000	-	50,000
2027	50,000	-	50,000
2028	50,000	-	50,000
2029 – 2032	200,000	-	200,000
Total	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ 450,000</u>

On December 16, 2016, the City signed a loan agreement with the Georgia Environmental Finance Authority ("GEFA"). The agreement allows funding not to exceed \$468,000. The loan became fully disbursed in March of 2018 with payments beginning December 2018. The interest rate is 1.94% per annum and interest expense totaled \$6,022 during the year ended June 30, 2023.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

Principal and interest payments are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 46,046	\$ 5,138	\$ 51,184
2025	46,948	4,237	51,185
2026	47,867	3,318	51,185
2027	48,804	2,381	51,185
2028	46,046	2,302	48,348
2029	50,181	1,878	52,059
Total	<u>\$ 285,892</u>	<u>\$ 19,254</u>	<u>\$ 305,146</u>

In January 2017, the City of Grovetown signed a loan agreement with GEFA to construct a new wastewater treatment plant. The agreement allows funding not to exceed \$24,537,100. The loan became fully disbursed in October of 2022 with Payments beginning November 2022. The rate is 2.72% per annum. Interest expense during the year ended June 30, 2023 was \$652,024.

Principal and interest payments are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 538,113	\$ 641,038	\$ 1,179,151
2025	552,934	626,217	1,179,151
2026	568,163	610,988	1,179,151
2027	583,811	595,340	1,179,151
2028	599,890	579,261	1,179,151
2029 – 2033	3,256,571	2,639,184	5,895,755
2034 – 2038	3,730,419	2,165,336	5,895,755
2039 – 2043	4,273,216	1,622,539	5,895,755
2044 – 2048	4,894,993	1,000,762	5,895,755
2049 – 2053	4,814,877	294,778	5,109,655
Total	<u>\$ 23,812,987</u>	<u>\$ 10,775,443</u>	<u>\$ 34,588,430</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. INTERFUND RECEIVABLES/TRANSFERS

Interfund receivable and payable balances as of June 30, 2023 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
Water and Sewer Fund	Nonmajor Enterprise Fund	\$ 181,421

Interfund receivables and payables result from timing differences related to charges for services or reimbursable expenses. The City expects to repay these interfund balances within one year.

Interfund transfers during the year ended June 30, 2023 are as follows:

<u>Transfer in</u>	<u>Transfer out</u>	<u>Total</u>
General Fund	Nonmajor Governmental Fund	\$ 100
Nonmajor Enterprise Fund	Water and Sewer Fund	25,000
		<u>\$ 25,100</u>

Transfers are used to: 1) move revenues from the fund that statute or budget requires collecting them to the fund that the statute or budget requires to expend them, and 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### NOTE 8. RISK MANAGEMENT

The City carries property and liability insurance through commercial insurance companies. Annual premiums are based on the amount of coverage and policy deductibles requested by the City.

Risk Pool – The City is exposed to various risks of losses related to torts, thefts 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 (“GIRMA”) for property and liability insurance and the Workers’ Compensation Self-Insurance Fund (“WCSIF”), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (“GMA”) administers both risk pools.

As part of their agreement, the City must assist and cooperate in the defense and settlement of claims against the City. The City must furnish full cooperation to the pools' claims adjusters, and any agent or independent contractor of the pools. In addition, the City must 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 claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a fund or funds in which the City participates.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 8. RISK MANAGEMENT (CONTINUED)

Risk Pool (Continued) – The fund is to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

As of June 30, 2023, there were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the City's insurance coverage.

### NOTE 9. PENSION PLAN

Plan description – The City Council approved the adoption of a retirement plan May 11, 1987 and contributes to the Georgia Municipal Employees Benefit System ("GMEBS") Pension Plan (the "Plan"), an agent multiple employer defined contribution pension plan that acts as a common investment and administrative agent for cities in the state of Georgia. All full-time City employees are eligible to participate in the Plan after one year of service. Benefits vest after ten years of service. City employees may retire at age 55 under the early retirement provisions if they have completed ten years of service. Normal retirement is at age 65. Benefits are payable for life in an amount of covered compensation plus 2% of Participant Final Average Earnings, multiplied by years of service. The Plan also provides death and disability benefits. These benefit provisions and all other requirements are established by the GMEBS Pension Trust and Adoption Agreement executed by the City. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to:

GMEBS  
201 Pryor Street, SW  
Atlanta, Georgia 30303

Plan membership – As of January 1, 2023, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	31
Inactive plan members entitled to but not receiving benefits	43
Active plan members	36
Total	<u>110</u>

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLAN (CONTINUED)

Contributions – City employees are not required to contribute to the Plan. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The City funds the required minimum contributions. 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 actuarially-recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by the Plan members during the year, with an additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2023, the City's contribution rate was 4.5% of annual payroll. City contributions to the Plan were \$152,332 for the year ended June 30, 2023.

Net pension liability – The City's net pension liability was measured as of September 30, 2022, which would make it applicable to the fiscal year beginning July 1, 2022 and ended June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

Actuarial assumptions – The mortality and economic actuarial assumptions used in the January 1, 2023 valuation were approved by the GMEBS Board of Trustees in December 2019 based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019. 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:

Net investment rate of return	7.375%
Projected salary increases	2.25%
Cost-of-living adjustment	0.00%

Mortality rates for the valuation period were based on the gender-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. The gender-distinct Pri-2012 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2015 to June 30, 2019. Mortality experience will be reviewed periodically and updated if necessary.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (CONTINUED)

Actuarial assumptions (Continued) – 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 target asset allocation percentage and by adding expected inflation. Best estimates are arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2023 are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Cash	0%	
Total or weighted arithmetic average	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%. The projection of cash flows used to actuarially determine contribution rates assumed that City contributions will be made at rates equal to the actuarial determined rates. 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 the projected benefit payments to determine the total pension liability.

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 year.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (CONTINUED)

The City's net pension liability as calculated at the discount rates noted above are as follows:

	<b>1% Decrease (6.375%)</b>	<b>Current Discount Rate (7.375%)</b>	<b>1% Increase (8.375%)</b>
City's net pension liability	\$ 1,606,868	\$ 917,045	\$ 347,969

Changes in net pension liability – The changes in the components of the net pension liability for the City for the year ended June 30, 2023 were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
<b>Beginning Balance</b>	<u>\$ 4,997,716</u>	<u>\$ 5,057,743</u>	<u>\$ (60,027)</u>
Changes for the year:			
Service cost	140,025	-	140,025
Interest	371,933	-	371,933
Differences between expected and actual experience	(157,517)	-	(157,517)
Contributions – employer	-	228,375	(228,375)
Net investment income	-	(832,679)	832,679
Benefit payments, including refunds of employee contributions	(189,160)	(189,160)	-
Administrative expense	-	(18,327)	18,327
<b>Net changes</b>	<u>165,281</u>	<u>(811,791)</u>	<u>977,072</u>
<b>Ending Balance</b>	<u><u>\$ 5,162,997</u></u>	<u><u>\$ 4,245,952</u></u>	<u><u>\$ 917,045</u></u>

The Plan's fiduciary net position as a percentage of the total pension liability 82.24%

The Schedule of Changes in the City's Net Pension Liability and Related Ratios in the required supplementary information section presents multi-year trend information about whether the value of Plan assets are increasing or decreasing over time relative to the total pension liability.



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (CONTINUED)

Pension expense and deferred outflows/inflows of resources related to pensions - for the year ended June 30, 2023, the City recognized pension expense of \$226,001. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 207,557	\$ 319,461
Changes in assumptions	12,001	35,411
Net difference between projected and actual earnings on pension plan investments	466,980	-
City contributions subsequent to the measurement date	152,332	-
Total	<u>\$ 838,870</u>	<u>\$ 354,872</u>

City contributions subsequent to the measurement date of \$152,332, are reported as deferred outflows of resources and will be recognized as a reduction to the net pension liability for the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<b><u>Year ending June 30,</u></b>	
2024	\$ 68,137
2025	7,980
2026	80,250
2027	175,299
Total	<u>\$ 331,666</u>

### NOTE 10. BUDGET COMPLIANCE

#### Excess of Expenditures Over Appropriations

The following General Fund departments had actual expenditures in excess of appropriations for the year ended June 30, 2023:

<b><u>Department</u></b>	<b><u>Excess</u></b>
Police	\$ 61,108
Fire	35,866

These over expenditures were funded by greater than anticipated revenues.

## NOTES TO THE FINANCIAL STATEMENTS

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### **NOTE 11. JOINT VENTURE**

The City, in conjunction with other cities and counties located in the 13-City east central Georgia area, is a member of the CSRA Regional Commission and is required to pay annual dues thereto. Membership in a regional commission is required by the Official Code of Georgia Annotated ("O.C.G.A.") §50-8-34, which provides for the organizational structure of regional commissions in Georgia. The regional commission board membership includes the chief official of each City and municipality of the area. O.C.G.A. §50-8-39.1 provides that member governments are liable for any debts or obligations of the regional commission. Separate financial statements may be obtained from:

CSRA Regional Commission  
3626 Walton Way Extension, Suite 300  
Augusta, Georgia 30909

### **NOTE 12. CONTINGENCIES**

The City is a defendant in various lawsuits. In the opinion of the City's management and the City Attorney, the ultimate effect of these matters will not have a material adverse effect on the financial condition of the City.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF GROVETOWN, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEARS ENDED JUNE 30,

	2023	2022	2021
<b>Total pension liability</b>			
Service cost	\$ 140,025	\$ 140,845	\$ 63,055
Interest on total pension liability	371,933	362,676	167,319
Differences between expected and actual experience	(157,517)	(206,942)	182,154
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(189,160)	(151,310)	(69,000)
Other	-	-	-
<b>Net change in total pension liability</b>	<b>165,281</b>	<b>145,269</b>	<b>343,528</b>
<b>Total pension liability - beginning</b>	<b>4,997,716</b>	<b>4,852,447</b>	<b>4,508,919</b>
<b>Total pension liability - ending (a)</b>	<b>5,162,997</b>	<b>4,997,716</b>	<b>4,852,447</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	228,375	219,499	110,698
Net investment income	(832,679)	980,819	755,003
Benefit payments, including refunds of employee contributions	(189,160)	(151,310)	(69,000)
Administrative expenses	(18,327)	(19,548)	(7,597)
<b>Net change in plan fiduciary net position</b>	<b>(811,791)</b>	<b>1,029,460</b>	<b>789,104</b>
<b>Plan fiduciary net position - beginning</b>	<b>5,057,743</b>	<b>4,028,283</b>	<b>3,239,179</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>4,245,952</b>	<b>5,057,743</b>	<b>4,028,283</b>
<b>City's net pension liability (asset) - ending (a)-(b)</b>	<b>\$ 917,045</b>	<b>\$ (60,027)</b>	<b>\$ 824,164</b>
 Plan fiduciary net position as a percentage of the total pension liability	 <b>82.24%</b>	 <b>101.20%</b>	 <b>83.02%</b>
 Covered payroll	 <b>\$ 4,780,180</b>	 <b>\$ 4,895,476</b>	 <b>\$ 4,826,833</b>
 City's net pension liability as a percentage of covered payroll	 <b>19.18%</b>	 <b>-1.23%</b>	 <b>17.07%</b>

### Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

	2020		2019		2018		2017		2016		2015
\$	141,039	\$	122,206	\$	134,248	\$	102,435	\$	104,989	\$	97,394
	328,123		282,044		267,376		243,896		223,160		209,994
	(53,859)		315,703		(154,227)		52,211		21,736		(38,044)
	-		-		56,005		-		-		-
	(124,813)		(123,992)		(106,069)		(85,090)		(79,540)		(87,480)
	(77,912)		-		-		-		-		(15,955)
	212,578		595,961		197,333		313,452		270,345		165,909
	4,296,341		3,700,380		3,503,047		3,189,595		2,919,250		2,753,341
	4,508,919		4,296,341		3,700,380		3,503,047		3,189,595		2,919,250
	187,981		185,769		165,999		159,439		176,599		132,112
	(247,741)		120,479		356,789		318,644		9,111		210,926
	(124,813)		(123,992)		(106,069)		(85,090)		(79,540)		(87,480)
	(17,378)		(16,381)		(15,627)		(15,797)		(11,170)		(10,094)
	(201,951)		165,875		401,092		377,196		95,000		245,464
	3,441,130		3,275,255		2,874,163		2,496,967		2,401,967		2,156,503
	3,239,179		3,441,130		3,275,255		2,874,163		2,496,967		2,401,967
\$	1,269,740	\$	855,211	\$	425,125	\$	628,884	\$	692,628	\$	517,283
	71.8%		80.1%		88.5%		82.0%		78.3%		82.3%
\$	4,246,200	\$	4,185,490	\$	3,611,731	\$	3,627,002	\$	3,121,305	\$	2,930,135
	29.9%		20.4%		11.8%		17.3%		22.2%		17.7%

# CITY OF GROVETOWN, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FOR THE YEARS ENDED JUNE 30,

	2023	2022	2021
Actuarially determined contribution	\$ 187,534	\$ 203,110	\$ 236,797
Contributions in relation to the actuarially determined contribution	152,332	236,797	215,649
Contribution deficiency (excess)	<u>\$ 35,202</u>	<u>\$ (33,687)</u>	<u>\$ 21,148</u>
Covered payroll	\$ 6,156,919	\$ 5,211,139	\$ 4,872,389
Contributions as a percentage of covered payroll	2.5%	4.5%	4.4%

### Notes to the Schedule:

Valuation date	January 1, 2023
Cost method	Projected unit credit
Actuarial asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed rate of return on investments	7.375%
Projected salary increases	2.25%
Cost-of-living adjustment	0.00%
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	11 years

The schedule will present 10 years of information once it is accumulated.

2020	2019	2018	2017	2016	2015
\$ 209,901	\$ 221,396	\$ 188,745	\$ 158,417	\$ 159,780	\$ 163,985
187,981	185,769	165,999	145,329	146,465	187,270
<u>\$ 21,920</u>	<u>\$ 35,627</u>	<u>\$ 22,746</u>	<u>\$ 13,088</u>	<u>\$ 13,315</u>	<u>\$ (23,285)</u>
\$ 4,601,342	\$ 4,463,362	\$ 3,611,731	\$ 3,627,002	\$ 3,121,305	\$ 2,930,135
4.1%	4.2%	4.6%	4.0%	4.7%	6.4%

## **COMBINING STATEMENTS AND SCHEDULES**



# CITY OF GROVETOWN, GEORGIA

## NONMAJOR GOVERNMENTAL FUNDS

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### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Police Seizure Fund** accounts for monies collected under Georgia Law by the City's law enforcement officers. Such monies are restricted to defray the cost of complex investigations and to purchase equipment relating to said investigations.

The **Transportation SPLOST Fund** accounts for the acquisition of property and construction of projects designated to be funded by the special sales tax created with the Transportation Investment Act of 2010.

### **CAPITAL PROJECTS FUND**

The **SPLOST 2023 – 2028 Fund** accounts for capital projects of the City from resources provided by the 2023 special Columbia County 1% sales and use tax.

# CITY OF GROVETOWN, GEORGIA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2023

	Special Revenue Funds		Capital Projects Fund	
	Police Seizure Fund	Transportation SPLOST Fund	SPLOST 2023-2028 Fund	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 26,388	\$ 973,440	\$ 1,203,282	\$ 2,203,110
Due from other governments	-	23,157	254,927	278,084
Total assets	<u>\$ 26,388</u>	<u>\$ 996,597</u>	<u>\$ 1,458,209</u>	<u>\$ 2,481,194</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 3,550	\$ 3,550
Total liabilities	<u>-</u>	<u>-</u>	<u>3,550</u>	<u>3,550</u>
<b>FUND BALANCES</b>				
Restricted for:				
Public safety	26,388	-	-	26,388
Capital projects	-	996,597	1,454,659	2,451,256
Total fund balances	<u>26,388</u>	<u>996,597</u>	<u>1,454,659</u>	<u>2,477,644</u>
Total liabilities and fund balances	<u>\$ 26,388</u>	<u>\$ 996,597</u>	<u>\$ 1,458,209</u>	<u>\$ 2,481,194</u>

# CITY OF GROVETOWN, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Special Revenue Funds		Capital Projects Fund	
	Police Seizure Fund	Transportation SPLOST Fund	SPLOST 2023-2028 Fund	Totals
<b>Revenues</b>				
Intergovernmental	\$ 1,599	\$ 275,651	\$ 1,461,170	\$ 1,738,420
Interest revenue	128	10,770	4,305	15,203
Total revenues	<u>1,727</u>	<u>286,421</u>	<u>1,465,475</u>	<u>1,753,623</u>
<b>Expenditures</b>				
Public safety	6,357	-	-	6,357
Capital outlay	-	130,036	10,916	140,952
Total expenditures	<u>6,357</u>	<u>130,036</u>	<u>10,916</u>	<u>147,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,630)</u>	<u>156,385</u>	<u>1,454,559</u>	<u>1,606,314</u>
<b>Other financing sources</b>				
Transfers in	-	-	100	100
Total other financing sources	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
Net change in fund balances	(4,630)	156,385	1,454,659	1,606,414
<b>Fund balances, beginning of year</b>	<u>31,018</u>	<u>840,212</u>	<u>-</u>	<u>871,230</u>
<b>Fund balances, end of year</b>	<u>\$ 26,388</u>	<u>\$ 996,597</u>	<u>\$ 1,454,659</u>	<u>\$ 2,477,644</u>

# CITY OF GROVETOWN, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 2017-2022 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Project	Original Estimated Cost	Prior Years	Current Year	Total
<b>Tier 1</b>				
Public works:				
Vehicles and equipment	\$ 1,200,000	\$ 803,695	\$ 240,039	\$ 1,043,734
Public safety:				
Vehicles, fire engine and turnout gear	1,100,000	1,100,000	-	1,100,000
City facilities:				
Renovations/expansions	610,104	328,007	310,195	638,202
Water and sewer:				
Water and sewer improvements	1,000,000	81,555	12,750	94,305
Communication/computers	400,000	366,137	30,160	396,297
Transportation	1,000,000	434,070	135,712	569,782
Recreation	1,000,000	629,290	101,685	730,975
Total Tier 1	6,310,104	3,742,754	830,541	4,573,295
<b>Tier 2</b>				
Public works:				
Vehicles	250,000	-	-	-
Public safety:				
Vehicles	200,000	130,977	69,023	200,000
City facilities:				
Renovations/expansions	200,000	-	-	-
Water and sewer:				
Water and sewer improvements	300,000	-	-	-
Computers	50,000	-	-	-
Stormwater:				
Equipment	51,684	-	51,684	51,684
Total Tier 2	1,051,684	130,977	120,707	251,684

(Continued)

# CITY OF GROVETOWN, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 2017-2022 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Project	Original Estimated Cost	Prior Years	Current Year	Total
<b>Tier 3</b>				
Public works:				
Vehicles	\$ 350,000	\$ -	\$ -	\$ -
Public safety:				
Vehicles	550,000	-	239,095	-
City facilities:				
Renovations/expansions	501,684	-	-	-
Computers/file server/software	100,000	-	-	-
Total Tier 3	1,501,684	-	239,095	-
<b>Totals</b>	<u>\$ 8,863,472</u>	<u>\$ 3,873,731</u>	<u>\$ 1,190,343</u>	<u>\$ 4,824,979</u>

# CITY OF GROVETOWN, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 2023-2028 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Project	Original Estimated Cost	Prior Years	Current Year	Total
<b>Tier 1</b>				
Public safety:				
Vehicles/Equipment/Buildings	\$ 7,108,910	\$ -	\$ -	\$ -
Recreation:				
Park renovation/expansion/upgrades/equipment	5,400,000	-	10,916	10,916
Stormwater				
Repairs/Equipment	1,000,000	-	-	-
Water and sewer:				
Equipment	1,050,000	-	-	-
Land Acquisition	500,000	-	-	-
Transportation	2,410,273	-	-	-
Renovations	450,000	-	-	-
Planning & Community Development:				
Equipment/Vehicles	100,000	-	-	-
Technology	100,000	-	-	-
Total Tier 1	18,119,183	-	10,916	10,916
<b>Tier 2</b>				
Public safety:				
Vehicles/Equipment/Buildings	1,810,273	-	-	-
Transportation	859,591	-	-	-
Water and sewer:				
Equipment	200,000	-	-	-
Recreation:				
Equipment/Vehicles	100,000	-	-	-
Renovations	50,000	-	-	-
Total Tier 2	3,019,864	-	-	-

(Continued)

# CITY OF GROVETOWN, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 2023-2028 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Project	Original Estimated Cost	Prior Years	Current Year	Total
<b>Tier 3</b>				
Stormwater:				
Repairs/Equipment	\$ 200,000	\$ -	\$ -	\$ -
Recreation:				
Equipment/Vehicles	100,000	-	-	-
Public safety:				
Vehicles/Equipment/Buildings	1,739,727	-	-	-
Transportation	730,136	-	-	-
Water and sewer:				
Equipment	50,000	-	-	-
Recreation:				
Park renovation/expansion/upgrades	200,000	-	-	-
Total Tier 3	3,019,863	-	-	-
<b>Totals</b>	<b>\$ 24,158,910</b>	<b>\$ -</b>	<b>\$ 10,916</b>	<b>\$ 10,916</b>

## **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***

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**To the Honorable Mayor and  
Members of the City Council  
City of Grovetown, Georgia  
Grovetown, 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, each major fund, and the aggregate remaining fund information of the **City of Grovetown, Georgia** (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2023.

**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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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**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*.

**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*

Macon, Georgia  
December 8, 2023

**CITY OF GROVETOWN, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued on whether  
the financial statements were prepared in  
accordance with GAAP.

Unmodified

Internal control over financial reporting:  
Material weaknesses identified?

\_\_\_\_ Yes   X   No

Significant deficiencies identified not  
considered to be material weaknesses?

\_\_\_\_ Yes   X   None Reported

Noncompliance material to financial  
statements noted?

\_\_\_\_ Yes   X   No

**Federal Awards**

There was not an audit of major federal programs as of June 30, 2023 due to the total amount expended being less than \$750,000.

**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

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

None reported.

**CITY OF GROVETOWN, GEORGIA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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None reported.