

CITY OF SOCIAL CIRCLE, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Prepared by:
City of Social Circle Finance Department

INTRODUCTORY SECTION

CITY OF SOCIAL CIRCLE, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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The City Of

SOCIAL CIRCLE

*166 North Cherokee Road · Post Office Box 310 · Social Circle, Georgia 30025
Office: 770-464-2380 · Fax: 770-464-2113*

March 3, 2023

Honorable David Keener, Mayor,
Members of the City Council,
and Citizens of Social Circle, Georgia

Ladies and Gentlemen:

The Annual Comprehensive Financial Report (ACFR) for the City of Social Circle, Georgia, for the fiscal year ended June 30, 2022, is hereby submitted as mandated by both local ordinance and state statutes. These statutes and ordinances require the City of Social Circle to issue an annual report on its financial activity and position, and that this report be audited by an independent firm of certified public accountants. It is required that local governments publish within six months of the close of each fiscal year a complete set of audited financial statements.

This report was prepared by the City's Finance Department, responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures rests with the city. We believe the report, as presented, is accurate in all material aspects. We also believe it is presented in a manner designed to set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. Finally, we believe that all disclosures necessary to enable the reader to gain a maximum understanding of the City's financial affairs have been included.

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 it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mauldin and Jenkins, LLC, has issued an unmodified ("clean") opinion on the City of Social Circle's financial statements for the fiscal year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and is best read in conjunction with it.

"Georgia's Greatest Little Town"

Profile of the Government

Social Circle was incorporated in 1832 and is described as "Georgia's Greatest Little Town." Located in Walton and Part of Newton County, the City of Social Circle is an iconic location along the Great Walton railroad that extends to the center of the city and provides a connection to the CSX Railroad. The railway is still active, and the Historic Train Depot remains adjacent to the center of the city. The City occupies a land area of about 11 square miles and serves a population of about 5,000 (based upon the U. S. Census Bureau 2021 estimate).

Policy making and legislative authority of the government is vested in the mayor and four council members, who are elected for four-year terms and staggered, with elections for Mayor, District 2 and 4 in one cycle and District 1 and 3 at the next two-year election cycle. The mayor is elected at large by popular vote, with councilmen being elected by their district's majority vote. The mayor and council members serve until their successors are qualified and elected. The Mayor and Council appoint a City Manager to carry out the administrative operations of the government. The City is empowered to levy a property tax on both real and personal property located within its boundaries and can levy all other taxes granted to municipalities within the State of Georgia.

The City operates under a Council/Manager form of government, whereby the Mayor and City Council possess all of the executive and legislative powers granted to the government under the constitution and laws of the State of Georgia and the City of Social Circle charter. The City Manager possesses all of the administrative powers granted to the government under the constitution and laws of the State of Georgia and the City's charter.

Most City functions are performed by City employees. The City offers water, sewer, gas, and trash services to the City based on where services are available. The sanitation and recycling services are outsourced by a contracted company. Also, most paving and larger projects, such as the recently constructed Friendship Park, are contracted-out projects. Nearly all other internal needs are met by the employees of the city, including finance, fire, police, court, public works, transit, and others. The location of the city provides convenient access to the Atlanta airport. Proximity to the Atlanta area provides opportunities for employment, culture, and retail.

The annual budget serves as the foundation for the City's financial plan and assists in the control of the financial stability and health of the government. The Mayor and City Council are required to adopt a final budget no later than the close of the fiscal year. The budget is prepared by fund, function, and department. The City Manager may transfer resources within a department (within a fund) as they deem necessary. However, transfers between departments or funds require approval from the City Council.

Local Economy

The City is home to approximately 150 businesses. The largest employers include Standridge Color Corporation, Social Circle City Schools, General Mills, and Goodyear Tire & Rubber. The City of Social Circle is largely residential, however, is becoming more and more industrial.

The City has experienced some population growth over the past couple of decades. The population within the City is diverse, in that it consists of families who have lived here for several generations, as well as newer residents seeking the pleasant small-town lifestyle. The city has much to offer with gorgeous scenery and is just close enough to Atlanta to be convenient, but far enough away to still have the country atmosphere. The median age of the city residents is 39.9 based on the most recent US Census Bureau information.

Median household income in 2012 was \$40,986. In 2022, the median income was estimated at \$76,185. The median home price in 2022 was approximately \$175,000.

North and South Cherokee and East and West Hightower are the main roadways in Social Circle, and the industrial area is served by our bypass, Social Circle Parkway, which is also State Route 11. There are 50 miles of streets that are maintained by the city.

Long-Term Financial Planning

As detailed within the following financial statements, the City's policy is to maintain a minimum unassigned General Fund balance equal to 25 percent of operating expenditures including Debt Service. Excess fund balances over reserve requirements will be used in subsequent periods for pay-as-you-go capital projects and one-time non-recurring expenditures.

As part of the financial strategic plan, the city millage rate remains stable using a Payment in Lieu of Taxes (PILOT) from the City utility services, which are operated on an enterprise, or business basis. The City Council approved a millage rate of 7.9 mills, which has remained the same as the prior year. A comprehensive framework of financial policies was adopted in 2015 and is reviewed annually.

The City maintained sufficient cash reserves to operate the fiscal year without issuing a tax anticipation note. Various equipment and vehicles for its public safety departments were purchased and the city continued payments on the financing for Fire Trucks. Utility services, including water, sewer, gas, and sanitation services maintained revenues above operational costs.

The City had one remaining tax abatement that ended in September 2020. This may change in future years. Anticipated long-term benefits of future tax abatements consist of further economic growth.

The City is expected to continue to develop as a preferred location for appropriate business and residential investment as the area's economy continues to strengthen.

Relevant Financial Policies

Throughout the year, the Finance Department administered the City Council's approved Financial Management Program, which outlines the policy within which the government's finances are maintained. These policies address fund balances, the use of one-time revenues, issuance of debt, purchasing and

procurement, cash and investment management, and accounting practices. In totality, these policies formulate the core criteria for which internal evaluations occur. On an annual basis, the criteria establishing the Financial Management Program are reviewed to maintain relativity to the changing financial needs of the government.

Major Initiatives

Social Circle achieved numerous successes in Fiscal Year 2022. The City implemented a new permitting and licensing software. The City began working with Granicus to renovate and create a new website to better serve our public. This project however was, not completed by the end of Fiscal Year 2022. The City also received the Annual Comprehensive Financial Reporting Award, as well as the Popular Annual Financial Reporting Award from the Government Finance Officers Association for the second time. These awards were for Fiscal Year 2022. City management focus was on improvements to infrastructure and major capital projects. The Police Department participated in specialized Crisis Intervention Training (CIT) to better equip all personnel. The Fire Department completed the Office of EMS Agency re-licensing for their First Responder license. The Public Works lot worked towards better organization to increase functionality and services to the citizens. Transit upgraded the technology used for travel including tablets used on transit buses. Several events were hosted downtown. The Wastewater Treatment Department completed the Goodyear and Vine Pump Station Elimination Project. The Water Treatment Plant installed two new venturis to meet compliance with the EPD. The Water Distribution Department completed the radio read meter change-out project. Lastly, our Gas Department completed several gas service upgrades including a gas main installation in Boxwood Subdivision. The City made several large hurdles throughout the Fiscal Year of 2022.

Awards and Acknowledgments

We are pleased to present the City's Annual Comprehensive Financial Report (ACFR) and submit the same to the Government Finance Officers Association (GFOA) for consideration in the Certificate of Achievement for Excellence in Financial Reporting program. We believe that our ACFR meets the program's requirements. This is the third time in which the City has applied for the ACFR Award.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Department of Finance. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their unfailing support in maintaining the highest standards of leadership and professionalism in the management of the City's finances.

Respectfully submitted,



Jennifer Fricks
Finance Director

PRINCIPAL OFFICIALS

Mayor and City Council

David Keener

Mayor

City Council

Traysa Price

Tyson Jackson

Nathan Boyd

Steve Shelton

Administration

Susan Roper

Eric Taylor

Anthony Powell

City Clerk

City Manager

City Attorney

Will Brinkley

Police Chief

Amber McKibben

Mainstreet Director

Ken Zaydel

Fire Chief

Jennifer Fricks

Finance Director

Robbie Groves

Interim Director of Public Works

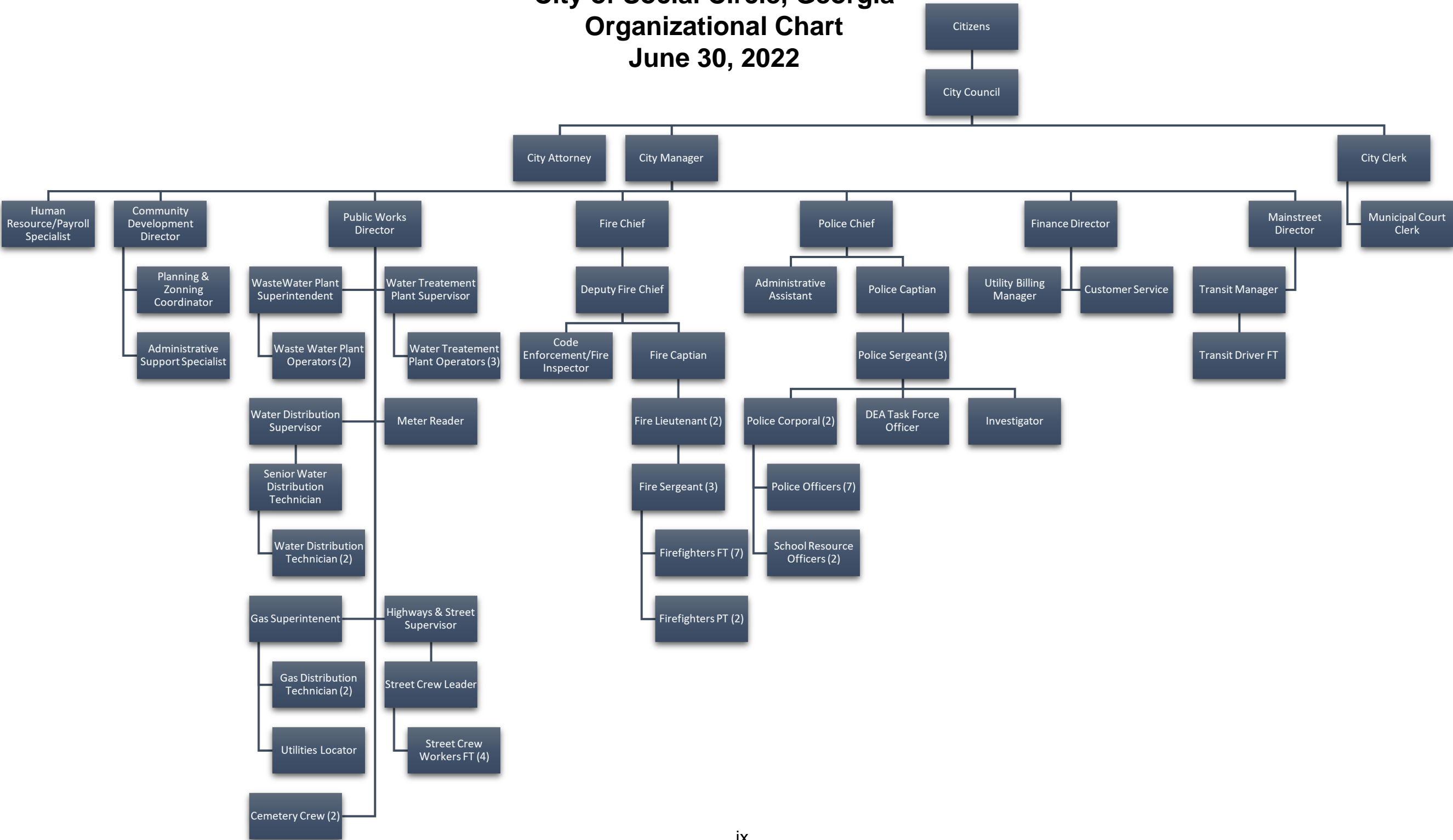
Barbara Schlageter

Assistant Clerk for Planning & Development

City of Social Circle, Georgia

Organizational Chart

June 30, 2022





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Social Circle
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Social Circle, Georgia (the "City")** as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and the ARPA Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia §48-8-121, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively, the "supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 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

Atlanta, Georgia
March 3, 2023

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

As management of the City of Social Circle, Georgia we present management's analysis of the City's financial condition and activities for the fiscal year that ended June 30, 2022. This information should be read and considered in conjunction with the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2022 by \$29,730,856 (total net position).
- Of this amount, \$5,916,404 (unrestricted net position) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$1,481,973.
- At the close of the fiscal year 2022 the City's governmental funds reported combined ending fund balances of \$4,396,254. Of this amount, \$2,285,296, or 52% is available for spending at the government's discretion (Unassigned fund balance). The remaining balance of \$2,110,958, is allocated as \$463,207 (Non-Spendable), \$108,734 (Assigned), and \$1,539,017 (Restricted).

Overview of the Financial Statements

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the City's finances in a manner similar to commercial enterprises and can be found on pages 15 and 16 of this report.

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

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 17 and 18 of this report.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its solid waste operations, water and sewer system operations, and natural gas system operations, and can be found on pages 22 through 25 of this report.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting for Fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 26 and 27 of this report.

Notes to the financial statements. The notes, which can be found beginning on page 28 of this report, provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events if any.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources at the close of the fiscal year 2022 by \$29,730,856.

The largest component of net position is investments in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding, which comprises \$20,945,552 or 70.45%. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Social Circle Net Position

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Assets:						
Current assets	\$ 3,952,127	\$ 5,810,976	\$ 4,524,505	\$ 5,165,674	\$ 8,476,632	\$ 10,976,650
Restricted assets	-	-	473,593	921,972	473,593	921,972
Other assets	-	-	52,242	51,439	52,242	51,439
Capital assets	9,055,392	8,611,690	19,551,592	20,275,050	28,606,984	28,886,740
Total assets	13,007,519	14,422,666	24,601,932	26,414,135	37,609,451	40,836,801
Deferred outflows of resources:	98,398	104,262	95,372	90,166	193,770	194,428
Liabilities:						
Current liabilities	406,504	1,356,656	716,998	1,087,980	1,123,502	2,444,636
Long-term liabilities	775,170	710,693	7,524,971	7,526,563	8,300,141	8,237,256
Total liabilities	1,181,674	2,067,349	8,241,969	8,614,543	9,423,643	10,681,892
Deferred inflows of resources:	99,877	481,007	30,818	137,474	130,695	618,481
Net position:						
Net investment in capital assets	8,507,170	8,138,857	12,185,156	12,806,695	20,692,326	20,945,552
Restricted for:						
Public safety	90,199	81,191	-	-	90,199	81,191
Capital projects	1,018,367	1,430,422	473,593	921,972	1,491,960	2,352,394
Library expendable	84,337	85,315	-	-	84,337	85,315
Library nonexpendable	350,000	350,000	-	-	350,000	350,000
Unrestricted	1,774,293	1,892,787	3,765,768	4,023,617	5,540,061	5,916,404
Total net position	\$ 11,824,366	\$ 11,978,572	\$ 16,424,517	\$ 17,752,284	\$ 28,248,883	\$ 29,730,856

An additional portion of the City's net position, \$2,868,900 (9.65%), represents resources that are subject to external restrictions on how they may be used. \$435,315 for the library of which \$350,000 is nonexpendable, \$81,191 for public safety, and \$2,352,394 for capital projects.

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

Governmental Activities. Governmental activities increased the City's net position by \$154,206.

City of Social Circle Changes in Net Position

	Governmental Activities		Business Type Activities		Totals	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Revenues:						
Program Revenues:						
Charges for service	\$ 367,105	\$ 289,875	\$ 7,725,296	\$ 10,134,325	\$ 8,092,401	\$ 10,424,200
Operating grants and contributions	586,267	419,623	3,177	66,224	589,444	485,847
Capital grants and contributions	1,079,774	1,290,331	-	-	1,079,774	1,290,331
General revenues:						
Property taxes	1,777,665	1,889,939	-	-	1,777,665	1,889,939
Sales tax	893,059	1,076,270	-	-	893,059	1,076,270
Other Taxes	962,108	981,064	-	-	962,108	981,064
Investment earnings	1,634	2,959	806	1,348	2,440	4,307
Other	10,619	-	-	-	10,619	-
Total revenue	5,678,231	5,950,061	7,729,279	10,201,897	13,407,510	16,151,958
Expenses:						
General government	1,466,127	1,684,243	-	-	1,466,127	1,684,243
Judicial	65,383	58,064	-	-	65,383	58,064
Public safety	3,220,929	3,570,869	-	-	3,220,929	3,570,869
Public works	681,163	890,830	-	-	681,163	890,830
Health & Welfare	108,943	111,812	-	-	108,943	111,812
Culture and recreation	148,270	150,229	-	-	148,270	150,229
Housing and development	92,082	90,793	-	-	92,082	90,793
Interest and fiscal charges	21,931	16,086	-	-	21,931	16,086
Water and sewer	-	-	2,838,358	3,077,845	2,838,358	3,077,845
Natural gas	-	-	2,885,929	4,676,802	2,885,929	4,676,802
Solid waste	-	-	328,069	342,412	328,069	342,412
Total Expenses	5,804,828	6,572,926	6,052,356	8,097,059	11,857,184	14,669,985
Change in net position before transfers	(126,597)	(622,865)	1,676,923	2,104,838	1,550,326	1,481,973
Transfers	1,326,631	777,071	(1,326,631)	(777,071)	-	-
Increase (decrease) in net position	1,200,034	154,206	350,292	1,327,767	1,550,326	1,481,973
Net position - beginning	10,624,332	11,824,366	16,074,225	16,424,517	26,698,557	28,248,883
Net position - ending	\$ 11,824,366	\$ 11,978,572	\$ 16,424,517	\$ 17,752,284	\$ 28,248,883	\$ 29,730,856

Revenues. Property taxes of \$1,889,939 and sales tax of \$1,076,270 accounted for 62.75% of total general revenues and transfers. Property tax increases are attributed to an increase in tax-assessed values. While the millage rate remained the same, values of property increased, causing an increase in property tax revenues.

The increase in operating grants and contributions revenues for 2022 as compared to 2021 is related to the increase in intergovernmental revenues.

Operating Grants and contributions of governmental activities consisted of the following:

- Section 18 Transportation Grant \$50,234
- GDOT LMIG \$81,445
- Walton County Health Care Grant \$60,122
- Public Safety Grant \$30,142
- FLPA Grant \$7,842
- GOHS Grant \$2,671
- SCBOE – School Resource Officer - \$118,345
- School Tax Collection Fee \$11,650
- Housing Authority – In Lieu of Taxes - \$8,526
- Accident Reports, Criminal History Report, Open Record Requests, Passenger Fares, Cemetery Fees, Park Rental Fees, Back to School Bash and Secret Santa Round-up Donations, Miscellaneous Donations, Facebook, Georgia Power and DDA Donations towards Friendship Park, and other Revenue \$48,646

Capital Grants and Contributions consisted of the following:

- TAP Grant \$57,911
- SPLOST 2019 Proceeds \$977,851
- ARP \$254,338
- SPLOST Interest Revenue \$231

Expenses. The total expense for the governmental activities is \$6,572,926. The largest single expense activity is public safety. Public safety includes the police department and the fire department. Total public safety expenses are \$3,570,869 or 54.33% of total governmental activities expenses.

The increase in public safety expenses is due to increases in operational expenses such as electricity, fuel, and contracted services. This is true for most departmental increases. As the cost of living increased during Fiscal Year 2022 so did the cost of operations for the departments city-wide.

Total program revenues, general revenues and transfers of governmental activities were more than expenses by \$154,206.

Business-type activities. Business-type activities increased the City's net position by \$1,327,767. Water and sewer revenues were stable from the prior year. Gas revenues were also stable. A modest increase in water is attributed to a small rate increase. An increase can be seen in gas due to recovering industries from the COVID pandemic, and a modest increase in natural gas prices.

The increase in program revenues for business-type activities was due to higher water/sewer and gas revenues due to increased rates and industries returning to full operations from the pandemic.

Revenues. Water and sewer charges for service were \$3,808,407. Natural gas charges for service were \$5,936,612. Solid Waste charges for service were \$389,306. Water and sewer revenue is derived from the sale of water and sewer services to the citizens and industries of the City. Natural gas revenue is derived from the sale of natural gas to the citizens and industries of the City, and a share of gas sales to the industries of Stanton Springs Industrial Park, which is adjacent to the City. Solid Waste revenue is derived from the billing of the service to pick up household garbage. Water & Sewer Revenue increases were due to modest rate increases.

Expenses. Water and sewer operating expenses were \$3,077,845. Natural gas expenses were \$4,676,802. Solid Waste expenses were \$342,412. Expenses in all funds were due to increases in cost of water purchased for resale.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,396,254. Approximately 51.98% of this amount or \$2,285,296 constitutes an unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is reported as Non-spendable, Restricted or Assigned and may only be used within the guidelines of those categories.

General Fund

The General Fund is the chief operating fund of the City. On June 30, 2022, the unassigned fund balance of the General Fund was \$2,285,296. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balances to total fund expenditures. Unassigned fund balance represents 41.62% of total General Fund expenditures and total General Fund fund balance represents 45.66% of total General Fund expenditures.

ARPA Fund

The American Rescue Plan Act ("ARPA") Fund is a special revenue fund used to account for the grant revenues and expenditures of the Coronavirus State and Local Fiscal Recovery Fund. On June 30, 2022, fund reported \$594,109 or cash and unearned revenues for amounts not expended. The fund reported revenues and transfers out of \$254,339 for expenditures incurred on allowable proprietary fund projects.

SPLOST

A SPLOST (Special purpose local option sales tax) continuation was approved by the Walton County voters in 2018 that took effect in January 2019. The City began receiving revenues from this SPLOST in the spring of 2019, after the Countywide tier 1 project to improve emergency dispatch communications was completed. In Fiscal Year 2021 funds in the amount of \$873,309 were received through the SPLOST. In Fiscal Year 2022 funds in the amount of \$912,173 were received through the SPLOST. Allowable expenditures from the SPLOST funds are limited to the projects identified in the ballot. In Fiscal Year 2021, the City expended SPLOST funds on Roadway Paving, Traffic Signal Replacement, and Intersection Improvements, City Hall Improvements, Public Works Lot Improvements, Police Car Replacements, and N. Cherokee and East Hightower Improvements. In Fiscal Year 2022, City Hall and the Welcome Center both got a new roof, and further infrastructure improvements occurred.

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

Water revenues were flat with a slight increase due to increased consumption, and increased utility rates. Expenses also reflected slightly increased operating costs which can be seen across all funds due to inflation. In the Gas Fund during the year, revenues were significantly higher than the prior year as revenues increased from growing and recovering industries. Expenses in gas increased from the prior year due to wholesale gas purchases. In Solid Waste revenues and expenses were slightly higher due to increased rates.

Unrestricted net position of the Water and Sewer Fund at June 30, 2022, amounted to \$647,781; those of the Natural Gas Fund amounted to \$3,270,332; and those of the Solid Waste Fund amounted to \$105,504. The total change in Water and Sewer net position was \$1,031,117; the change in Natural Gas net position was \$284,429; and the change in Solid Waste net position was \$12,221.

General Fund Budgetary Highlights

General fund revenues were \$38,888, or 0.85%, more than the final budget. Which can be attributed to a modestly higher than-expected tax receipts.

General Fund expenditures were \$1,384,864 under-budgeted expenditures. The primary reason is associated with the vacancies due to turnover in the Public Safety and Fire departments and conservative spending.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounts to \$28,886,740, (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, building and improvements, equipment, and vehicles.

Major capital assets acquired or invested in during the current fiscal year include the following:

GOVERNMENTAL CAPITAL ASSETS

- Police Vehicles \$70,981
- Fire Vehicles \$40,852
- Fire Equipment \$33,588
- Traffic Sign & Curb Returns \$127,997
- CIP \$18,650

WATER

- Water Equipment \$44,272
- Water Infrastructure \$1,364,495
- Water Plant Improvements \$264,139
- CIP \$252,691

GAS

- Gas Infrastructure \$328,271

City of Social Circle Capital Assets
(Net of Depreciation)

	Governmental Activities		Business Type Activities		Totals	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Land	\$ 938,408	\$ 938,408	\$ -	\$ 23,274	\$ 938,408	\$ 961,682
Construction in progress	-	18,650	80,038	309,455	80,038	328,105
Infrastructure	4,727,819	4,636,620	18,624,717	19,200,106	23,352,536	23,836,726
Building	2,307,181	2,236,069	-	662,724	2,307,181	2,898,793
Equipment and vehicles	1,081,984	781,943	846,837	79,491	1,928,821	861,434
Total	<u>\$ 9,055,392</u>	<u>\$ 8,611,690</u>	<u>\$ 19,551,592</u>	<u>\$ 20,275,050</u>	<u>\$ 28,606,984</u>	<u>\$ 28,886,740</u>

Additional information on the City's capital assets can be found in note 6 on pages 44 through 46 of this report.

Long-term Debt.

At the end of the current fiscal year, the City had total outstanding revenue bonds and loan indebtedness in the amount of \$7,917,955. Water and sewerage revenue bonds account for \$5,948,369 and notes payable account for \$1,496,753. Governmental Activities account for \$472,833 in financed purchases.

City of Social Circle Outstanding Debt
Long-term Debt

	Governmental Activities		Business Type Activities		Totals	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Revenue bonds payable	\$ -	\$ -	\$ 6,091,210	\$ 5,948,369	\$ 6,091,210	\$ 5,948,369
Notes payable	-	-	1,353,459	1,496,753	1,353,459	1,496,753
Compensated absences	114,250	127,740	45,529	49,968	159,779	177,708
Net pension liability	112,698	110,120	34,773	31,473	147,471	141,593
Financed purchases payable	548,222	472,833	-	-	548,222	472,833
Total	<u>\$ 775,170</u>	<u>\$ 710,693</u>	<u>\$ 7,524,971</u>	<u>\$ 7,526,563</u>	<u>\$ 8,300,141</u>	<u>\$ 8,237,256</u>

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

Economic Factors

The economy of Social Circle continues to grow in strength as more industries move to the area. This is evidenced by increased building permits and value of construction, new home construction, new business starts in the downtown, and increasing local and regional industry operations and employment. Industries continue to grow, and more growth is in the near future for the city. The effects of COVID-19 are nearly non-existent.

The City's housing market is strong, and the housing supply is tight. Currently, several plans for subdivisions are underway. The independent Social Circle City School system is sought after and listed homes in the city limits tend to be sold within weeks. The city continues to field expressions of interest from residential developers. New home construction is steady and spread across the city in three developments and on larger lots. Several new businesses have been located in the downtown area and the anchor stores continue to thrive. There remains a few vacant storefronts remaining in the downtown, and potential new business inquiries continue. The reassessment of property values in 2021 reflected a continuation of modest appreciation in property values that was first apparent in 2015 following the recession. An increase in property tax revenue is a result of the increased tax-assessed values.

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

Requests for Information

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Main Street Commission	Downtown Development Authority	Development Authority
ASSETS						
Cash and cash equivalents	\$ 5,133,876	\$ 4,291,586	\$ 9,425,462	\$ 56,945	\$ 67,382	\$ 1,126,958
Accounts receivable, net of allowances	79,471	947,560	1,027,031	-	-	-
Taxes receivable, net of allowances	12,022	-	12,022	-	-	-
Internal balances	254,796	(254,796)	-	-	-	-
Due from other governments	217,604	141,460	359,064	-	-	-
Prepaid expenses	113,207	39,864	153,071	-	-	-
Restricted assets:						
Cash and cash equivalents	-	921,972	921,972	-	-	-
Other assets	-	39,021	39,021	-	-	-
Prepaid bond insurance	-	12,418	12,418	-	-	-
Capital assets:						
Non-depreciable	957,058	332,729	1,289,787	-	59,600	239,896
Depreciable, net of accumulated depreciation	7,654,632	19,942,321	27,596,953	-	-	-
Total assets	14,422,666	26,414,135	40,836,801	56,945	126,982	1,366,854
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	-	60,368	60,368	-	-	-
Pension related items	104,262	29,798	134,060	-	-	-
Total deferred outflows of resources	104,262	90,166	194,428	-	-	-
LIABILITIES						
Accounts payable	551,770	451,660	1,003,430	10,501	-	5,172
Accrued liabilities	210,777	126,002	336,779	-	-	-
Retainage payable	-	83,601	83,601	-	-	-
Customer deposits	-	389,956	389,956	-	-	-
Unearned revenue	594,109	36,761	630,870	-	-	-
Long-term liabilities:						
Portion due or payable within one year:						
Financed purchases	77,684	-	77,684	-	-	-
Notes payable	-	80,466	80,466	-	-	-
Bonds payable	-	140,000	140,000	-	-	-
Compensated absences	115,026	26,263	141,289	-	-	-
Portion due or payable in more than one year:						
Financed purchases	395,149	-	395,149	-	-	-
Notes payable	-	1,416,287	1,416,287	-	-	-
Bonds payable, net	-	5,808,369	5,808,369	-	-	-
Net pension liability	110,120	31,473	141,593	-	-	-
Compensated absences	12,714	23,705	36,419	-	-	-
Total liabilities	2,067,349	8,614,543	10,681,892	10,501	-	5,172
DEFERRED INFLOWS OF RESOURCES						
Pension related items	481,007	137,474	618,481	-	-	-
Total deferred inflows of resources	481,007	137,474	618,481	-	-	-
NET POSITION						
Net investment in capital assets	8,138,857	12,806,695	20,945,552	-	59,600	239,896
Restricted for:						
Public safety	81,191	-	81,191	-	-	-
Capital projects	1,430,422	921,972	2,352,394	-	-	-
Library - expendable	85,315	-	85,315	-	-	-
Library - nonexpendable	350,000	-	350,000	-	-	-
Unrestricted	1,892,787	4,023,617	5,916,404	46,444	67,382	1,121,786
Total net position	\$ 11,978,572	\$ 17,752,284	\$ 29,730,856	\$ 46,444	\$ 126,982	\$ 1,361,682

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 1,684,243	\$ 24,106	\$ 76,664	\$ -
Judicial	58,064	86,220	-	-
Public safety	3,570,869	29,923	121,016	315,436
Public works	890,830	149,062	161,821	738,318
Health and welfare	111,812	-	60,122	-
Culture and recreation	150,229	564	-	236,577
Housing and development	90,793	-	-	-
Interest on long-term debt	16,086	-	-	-
Total governmental activities	<u>6,572,926</u>	<u>289,875</u>	<u>419,623</u>	<u>1,290,331</u>
Business-type activities:				
Water and sewer	3,077,845	3,808,407	66,224	-
Natural gas	4,676,802	5,936,612	-	-
Solid waste	342,412	389,306	-	-
Total business-type activities	<u>8,097,059</u>	<u>10,134,325</u>	<u>66,224</u>	<u>-</u>
Total primary government	<u>\$ 14,669,985</u>	<u>\$ 10,424,200</u>	<u>\$ 485,847</u>	<u>\$ 1,290,331</u>
Component units:				
Main Street Commission	\$ 52,427	\$ -	\$ 63,976	\$ -
Downtown Development Authority	5,070	4,806	-	-
Development Authority	5,422	-	-	-
Total component units	<u>\$ 62,919</u>	<u>\$ 4,806</u>	<u>\$ 63,976</u>	<u>\$ -</u>

General revenues:

Property taxes

Sales taxes

Franchise taxes

Business taxes

Insurance premium tax

Other taxes

Unrestricted investment earnings

Gain on disposal of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expenses) Revenues and Changes in Net Position						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Main Street Commission	Downtown Development Authority	Development Authority	
\$ (1,583,473)	\$ -	\$ (1,583,473)	\$ -	\$ -	\$ -	
28,156	-	28,156	-	-	-	
(3,104,494)	-	(3,104,494)	-	-	-	
158,371	-	158,371	-	-	-	
(51,690)	-	(51,690)	-	-	-	
86,912	-	86,912	-	-	-	
(90,793)	-	(90,793)	-	-	-	
(16,086)	-	(16,086)	-	-	-	
(4,573,097)	-	(4,573,097)	-	-	-	
-	796,786	796,786	-	-	-	
-	1,259,810	1,259,810	-	-	-	
-	46,894	46,894	-	-	-	
-	2,103,490	2,103,490	-	-	-	
\$ (4,573,097)	\$ 2,103,490	\$ (2,469,607)	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ 11,549	\$ -	\$ -	
-	-	-	-	(264)	-	
-	-	-	-	-	(5,422)	
\$ -	\$ -	\$ -	\$ 11,549	\$ (264)	\$ (5,422)	
\$ 1,889,939	\$ -	\$ 1,889,939	\$ -	\$ -	\$ -	
1,076,270	-	1,076,270	-	-	-	
504,182	-	504,182	-	-	-	
31,326	-	31,326	-	-	-	
349,182	-	349,182	-	-	-	
96,374	-	96,374	-	-	-	
2,959	1,348	4,307	-	127	1,414	
-	-	-	-	-	426,500	
777,071	(777,071)	-	-	-	-	
4,727,303	(775,723)	3,951,580	-	127	427,914	
154,206	1,327,767	1,481,973	11,549	(137)	422,492	
11,824,366	16,424,517	28,248,883	34,895	127,119	939,190	
\$ 11,978,572	\$ 17,752,284	\$ 29,730,856	\$ 46,444	\$ 126,982	\$ 1,361,682	

CITY OF SOCIAL CIRCLE, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2022

ASSETS	General Fund	ARPA Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$ 2,697,913	\$ 594,109	\$ 1,349,471	\$ 492,383	\$ 5,133,876
Taxes receivable, net of allowance	12,022	-	-	-	12,022
Accounts receivable	21,560	-	57,911	-	79,471
Due from other governments	128,080	-	89,524	-	217,604
Due from other funds	321,280	-	-	28,369	349,649
Prepaid items	113,207	-	-	-	113,207
Total assets	<u>\$ 3,294,062</u>	<u>\$ 594,109</u>	<u>\$ 1,496,906</u>	<u>\$ 520,752</u>	<u>\$ 5,905,829</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 547,524	\$ -	\$ -	\$ 4,246	\$ 551,770
Accrued liabilities	201,958	-	-	-	201,958
Unearned revenue	-	594,109	-	-	594,109
Due to other funds	28,369	-	66,484	-	94,853
Total liabilities	<u>777,851</u>	<u>594,109</u>	<u>66,484</u>	<u>4,246</u>	<u>1,442,690</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	8,974	-	-	-	8,974
Unavailable revenues - intergovernmental revenues	-	-	57,911	-	57,911
Total deferred inflows of resources	<u>8,974</u>	<u>-</u>	<u>57,911</u>	<u>-</u>	<u>66,885</u>
FUND BALANCES					
Nonspendable:					
Permanent fund corpus	-	-	-	350,000	350,000
Prepays	113,207	-	-	-	113,207
Restricted:					
Library	-	-	-	85,315	85,315
Public safety	-	-	-	81,191	81,191
Capital projects	-	-	1,372,511	-	1,372,511
Assigned:					
Unified development code	84,000	-	-	-	84,000
Fire department equipment	24,734	-	-	-	24,734
Unassigned	2,285,296	-	-	-	2,285,296
Total fund balances	<u>2,507,237</u>	<u>-</u>	<u>1,372,511</u>	<u>516,506</u>	<u>4,396,254</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,294,062</u>	<u>\$ 594,109</u>	<u>\$ 1,496,906</u>	<u>\$ 520,752</u>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.					8,611,690
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.					(609,392)
Some revenues are not available to pay current period expenditures and, therefore, are not reported in the governmental funds.					66,885
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds.					(486,865)
Net position of governmental activities					<u>\$ 11,978,572</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	ARPA Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 3,939,844	\$ -	\$ -	\$ -	\$ 3,939,844
Licenses and permits	161,566	-	-	-	161,566
Intergovernmental	370,977	254,339	977,852	-	1,603,168
Fines and forfeitures	86,220	-	-	29,923	116,143
Charges for services	12,166	-	-	-	12,166
Interest income	1,974	-	229	985	3,188
Miscellaneous	48,646	-	-	-	48,646
Total revenues	4,621,393	254,339	978,081	30,908	5,884,721
Expenditures					
Current:					
General government	1,252,703	-	65,935	-	1,318,638
Judicial	58,064	-	-	-	58,064
Public safety	3,027,203	-	35,000	38,938	3,101,141
Public works	718,743	-	188,724	-	907,467
Health and welfare	104,848	-	-	-	104,848
Culture and recreation	150,229	-	-	-	150,229
Housing and development	86,573	-	-	-	86,573
Debt service:					
Principal retirements	75,389	-	-	-	75,389
Interest	17,325	-	-	-	17,325
Total expenditures	5,491,077	-	289,659	38,938	5,819,674
Excess (deficiency) of revenues over expenditures	(869,684)	254,339	688,422	(8,030)	65,047
Other financing sources					
Transfers in	1,365,688	-	-	-	1,365,688
Transfers out	-	(254,339)	(334,278)	-	(588,617)
Total other financing sources	1,365,688	(254,339)	(334,278)	-	777,071
Net change in fund balances	496,004	-	354,144	(8,030)	842,118
Fund balances, beginning of year	2,011,233	-	1,018,367	524,536	3,554,136
Fund balances, end of year	\$ 2,507,237	\$ -	\$ 1,372,511	\$ 516,506	\$ 4,396,254

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

CITY OF SOCIAL CIRCLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Net change in fund balances - total governmental funds	\$ 842,118
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(443,702)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	65,340
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 net effect of these differences in the treatment of long-term debt and related items.	75,389
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.	(384,939)
Change in net position - governmental activities	\$ <u>154,206</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,992,100	\$ 3,992,100	\$ 3,939,844	\$ (52,256)
Licenses and permits	172,700	172,700	161,566	(11,134)
Fines and forfeitures	115,955	115,955	86,220	(29,735)
Interest income	500	500	1,974	1,474
Charges for services	9,100	9,100	12,166	3,066
Intergovernmental	258,600	258,600	370,977	112,377
Miscellaneous	33,550	33,550	48,646	15,096
Total revenues	4,582,505	4,582,505	4,621,393	38,888
Expenditures				
Current:				
General government:				
Governing body	162,236	162,236	153,810	8,426
Chief executive	208,371	208,371	285,430	(77,059)
Board of elections	250	250	6,637	(6,387)
Financial administration	502,077	502,077	560,206	(58,129)
Clerk administration	218,310	218,310	195,117	23,193
Law	53,000	53,000	51,503	1,497
Total general government	1,144,244	1,144,244	1,252,703	(108,459)
Judicial:				
Municipal court	129,078	129,078	58,064	71,014
Total judicial	129,078	129,078	58,064	71,014
Public safety:				
Police	1,859,876	1,859,876	1,634,314	225,562
Fire	1,538,945	1,560,355	1,392,889	167,466
Total public safety	3,398,821	3,420,231	3,027,203	393,028
Public works:				
Highways and streets	1,063,180	1,063,180	619,013	444,167
Cemetery	143,551	143,551	99,730	43,821
Total public works	1,206,731	1,206,731	718,743	487,988
Health and welfare:				
Transportation services	133,866	133,866	104,848	29,018
Total health and welfare	133,866	133,866	104,848	29,018
Culture and recreation:				
Library	151,879	151,879	150,229	1,650
Total culture and recreation	151,879	151,879	150,229	1,650
Housing and development:				
Urban redevelopment and housing	10,000	10,000	14,234	(4,234)
Economic development and assistance	525,416	525,416	72,339	453,077
Total housing and development	535,416	535,416	86,573	448,843
Debt service:				
Principal	75,856	75,856	75,389	467
Interest	78,640	78,640	17,325	61,315
Total debt service	154,496	154,496	92,714	61,782
Total expenditures	6,854,531	6,875,941	5,491,077	1,384,864
Excess (deficiency) of revenues over expenditures	(2,272,026)	(2,293,436)	(869,684)	1,423,752
Other financing sources				
Transfers in	2,272,026	2,272,026	1,365,688	(906,338)
Total other financing sources	2,272,026	2,272,026	1,365,688	(906,338)
Net change in fund balances	-	(21,410)	496,004	517,414
Fund balance, beginning of year	2,011,233	2,011,233	2,011,233	-
Fund balance, end of year	\$ 2,011,233	\$ 1,989,823	\$ 2,507,237	\$ 517,414

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

CITY OF SOCIAL CIRCLE, GEORGIA
ARPA FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 255,000	\$ 255,000	\$ 254,339	\$ (661)
Total revenues	255,000	255,000	254,339	(661)
Expenditures				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	255,000	255,000	254,339	(661)
Other financing uses				
Transfers out	(255,000)	(255,000)	(254,339)	661
Total other financing uses	(255,000)	(255,000)	(254,339)	661
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

ASSETS	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
CURRENT ASSETS				
Cash and cash equivalents	\$ 722,435	\$ 3,483,724	\$ 85,427	\$ 4,291,586
Accounts receivable, net	302,663	605,182	39,715	947,560
Due from other funds	82,982	-	9,805	92,787
Due from other governments	141,370	-	90	141,460
Prepaid items	35,000	4,864	-	39,864
	<u>1,284,450</u>	<u>4,093,770</u>	<u>135,037</u>	<u>5,513,257</u>
Restricted assets				
Cash and cash equivalents	921,972	-	-	921,972
	<u>921,972</u>	<u>-</u>	<u>-</u>	<u>921,972</u>
Total current assets	<u>2,206,422</u>	<u>4,093,770</u>	<u>135,037</u>	<u>6,435,229</u>
NONCURRENT ASSETS				
Prepaid bond insurance	12,418	-	-	12,418
Other assets	39,021	-	-	39,021
	<u>51,439</u>	<u>-</u>	<u>-</u>	<u>51,439</u>
CAPITAL ASSETS				
Nondepreciable	332,729	-	-	332,729
Depreciable, net of accumulated depreciation	15,671,631	4,270,690	-	19,942,321
	<u>16,004,360</u>	<u>4,270,690</u>	<u>-</u>	<u>20,275,050</u>
Total noncurrent assets	<u>16,055,799</u>	<u>4,270,690</u>	<u>-</u>	<u>20,326,489</u>
Total assets	<u>18,262,221</u>	<u>8,364,460</u>	<u>135,037</u>	<u>26,761,718</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	60,368	-	-	60,368
Pension related items	24,075	5,723	-	29,798
	<u>84,443</u>	<u>5,723</u>	<u>-</u>	<u>90,166</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	1,707	449,953	-	451,660
Retainage payable	83,601	-	-	83,601
Accrued liabilities	115,771	10,231	-	126,002
Customer deposits	153,783	236,173	-	389,956
Unearned revenue	36,761	-	-	36,761
Due to other funds	226,855	91,195	29,533	347,583
Compensated absences payable - current	17,103	9,160	-	26,263
Revenue bonds payable - current	140,000	-	-	140,000
Notes payable - current	80,466	-	-	80,466
Total current liabilities	<u>856,047</u>	<u>796,712</u>	<u>29,533</u>	<u>1,682,292</u>
NONCURRENT LIABILITIES				
Revenue bonds payable	5,808,369	-	-	5,808,369
Notes payable	1,416,287	-	-	1,416,287
Net pension liability	25,428	6,045	-	31,473
Compensated absences payable	23,705	-	-	23,705
Total noncurrent liabilities	<u>7,273,789</u>	<u>6,045</u>	<u>-</u>	<u>7,279,834</u>
Total liabilities	<u>8,129,836</u>	<u>802,757</u>	<u>29,533</u>	<u>8,962,126</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	111,070	26,404	-	137,474
	<u>111,070</u>	<u>26,404</u>	<u>-</u>	<u>137,474</u>
NET POSITION				
Net investment in capital assets	8,536,005	4,270,690	-	12,806,695
Restricted for capital projects	921,972	-	-	921,972
Unrestricted	647,781	3,270,332	105,504	4,023,617
Total net position	<u>\$ 10,105,758</u>	<u>\$ 7,541,022</u>	<u>\$ 105,504</u>	<u>\$ 17,752,284</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
OPERATING REVENUES				
Charges for sales and services	\$ 3,262,934	\$ 5,936,612	\$ 389,306	\$ 9,588,852
Intergovernmental revenue	545,473	-	-	545,473
Other revenue	66,224	-	-	66,224
Total operating revenues	3,874,631	5,936,612	389,306	10,200,549
OPERATING EXPENSES				
Cost of sales and services	339,709	3,943,594	-	4,283,303
General operating expenses	1,913,132	451,877	342,412	2,707,421
Depreciation	624,644	281,331	-	905,975
Total operating expenses	2,877,485	4,676,802	342,412	7,896,699
Operating income	997,146	1,259,810	46,894	2,303,850
NON-OPERATING REVENUES (EXPENSES)				
Interest income	1,348	-	-	1,348
Interest expense	(245,925)	-	-	(245,925)
Gain on disposal of capital assets	45,565	-	-	45,565
Total non-operating revenues (expenses)	(199,012)	-	-	(199,012)
Income before transfers	798,134	1,259,810	46,894	2,104,838
Transfers in	588,617	-	-	588,617
Transfers out	(355,634)	(975,381)	(34,673)	(1,365,688)
Change in net position	1,031,117	284,429	12,221	1,327,767
Net position, beginning of year	<u>9,074,641</u>	<u>7,256,593</u>	<u>93,283</u>	<u>16,424,517</u>
Net position, end of year	<u>\$ 10,105,758</u>	<u>\$ 7,541,022</u>	<u>\$ 105,504</u>	<u>\$ 17,752,284</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,832,211	\$ 5,661,425	\$ 394,441	\$ 9,888,077
Payments to suppliers	(1,198,842)	(3,838,294)	(340,704)	(5,377,840)
Payments to employees	(811,102)	(234,973)	-	(1,046,075)
Net cash provided by operating activities	1,822,267	1,588,158	53,737	3,464,162
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	588,617	-	-	588,617
Transfers out to other funds	(355,634)	(975,381)	(34,673)	(1,365,688)
Net cash provided by (used in) non-capital financing activities	232,983	(975,381)	(34,673)	(777,071)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(1,841,995)	(328,272)	-	(2,170,267)
Principal payments on bonds payable	(135,000)	-	-	(135,000)
Proceeds from disposal of capital assets	670,000	-	-	670,000
Proceeds from notes payable	219,089	-	-	219,089
Principal payments on notes payable	(75,795)	-	-	(75,795)
Interest and bond issuance costs paid	(251,267)	-	-	(251,267)
Net cash used in capital and related financing activities	(1,414,968)	(328,272)	-	(1,743,240)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,348	-	-	1,348
Net cash provided by investing activities	1,348	-	-	1,348
Net increase in cash and cash equivalents	641,630	284,505	19,064	945,199
Cash and cash equivalents, beginning of year	1,002,777	3,199,219	66,363	4,268,359
Cash and cash equivalents, end of year	<u>\$ 1,644,407</u>	<u>\$ 3,483,724</u>	<u>\$ 85,427</u>	<u>\$ 5,213,558</u>
Classified as:				
Cash and cash equivalents	\$ 722,435	\$ 3,483,724	\$ 85,427	\$ 4,291,586
Restricted cash and cash equivalents	921,972	-	-	921,972
	<u>\$ 1,644,407</u>	<u>\$ 3,483,724</u>	<u>\$ 85,427</u>	<u>\$ 5,213,558</u>

(Continued)

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
RECONCILIATION OF OPERATING INCOME				
TO NET CASH PROVIDED BY				
OPERATING ACTIVITIES				
Operating income	\$ 997,146	\$ 1,259,810	\$ 46,894	\$ 2,303,850
Adjustments to reconcile operating income				
to net cash provided by operating activities:				
Depreciation	624,644	281,331	-	905,975
Changes in assets, deferred outflows/inflows of resources and liabilities:				
(Increase) decrease in accounts receivable	(15,921)	(275,529)	8,736	(282,714)
(Increase) decrease in due from other governments	6,612	342	(90)	6,864
Increase in due from other funds	(29,147)	-	(3,511)	(32,658)
(Increase) decrease in prepaid items	2,327	(565)	-	1,762
(Increase) decrease in pension related deferred outflows of resources	(362)	924	-	562
Increase (decrease) in accounts payable	(145)	272,038	(58)	271,835
Increase in accrued liabilities	5,476	2,910	-	8,386
Increase in customer deposits	13,287	785	-	14,072
Decrease in net pension liability	(1,732)	(1,568)	-	(3,300)
Increase in pension related deferred inflows of resources	87,000	19,656	-	106,656
Increase in compensated absences payable	1,096	3,343	-	4,439
Decrease in unearned revenue	(3,964)	-	-	(3,964)
Increase in due to other funds	135,950	24,681	1,766	162,397
Net cash provided by operating activities	<u>\$ 1,822,267</u>	<u>\$ 1,588,158</u>	<u>\$ 53,737</u>	<u>\$ 3,464,162</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

	ASSETS	Board of Education Fund
Cash		\$ 23,936
Taxes receivable		34,261
		<hr/>
Total assets		58,197
		<hr/>
	LIABILITIES	
Due to others		23,936
Uncollected taxes		34,261
		<hr/>
Total liabilities		58,197
		<hr/>
	NET POSITION	
Restricted:		
Individuals, organizations, and other governments		<hr/> -
		<hr/>
Total net position		\$ -
		<hr/> <hr/>

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Board of Education Fund
ADDITIONS	
Taxes	\$ 3,769,403
Total additions	3,769,403
DEDUCTIONS	
Taxes paid to other governments	3,769,403
Total deductions	3,769,403
Change in fiduciary net position	-
NET POSITION, beginning of year	-
NET POSITION, end of year	\$ -

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

CITY OF SOCIAL CIRCLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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

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

B. Government-wide and Fund Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The City reports the following major governmental funds:

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

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

The **Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating to the City's 2013 Special Purpose Local Option Sales tax referendum.

The City reports the following major enterprise funds:

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

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

The City also reports the following fund types:

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

D. Budgets

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments

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

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

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

F. Receivables and Payables

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

H. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for non-infrastructure tangible assets, \$50,000 for intangible assets and \$100,000 for infrastructure and an estimated useful life in excess of one year, five years and five years, respectively. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. In accordance with GASB 34, infrastructure assets acquired prior to June 30, 1999 have not been capitalized.

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Restricted Assets

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

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

J. Deferred Outflows/Inflows of Resources

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

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

K. Compensated Absences

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

L. Long-Term Obligations

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund 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 deferred outflows of resources and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

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

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

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Council. Only the City Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Council has expressly delegated to the Finance Director the authority to assign funds for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

Net Position – Net position represents the difference between assets, deferred inflows and outflows of resources, and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

N. Pensions

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

O. Management Estimates

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

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$609,392 difference are as follows:

Financed purchase payable	\$ (472,833)
Accrued interest payable	(8,819)
Compensated absences	<u>(127,740)</u>
Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (609,392)</u></u>

Another element of that reconciliation states that “deferred outflows of resources, deferred inflows of resources and the net pension liability are not expected to be liquidated with expendable available resources and, therefore, are not reported in the funds.” The details of this \$486,865 difference are as follows:

Net pension liability	\$ (110,120)
Deferred outflows of resources	104,262
Deferred inflows of resources	<u>(481,007)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (486,865)</u></u>

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$443,702 difference are as follows:

Capital outlay	\$ 292,068
Depreciation expense	<u>(735,770)</u>
Net adjustment to reduce <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ (443,702)</u></u>

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$384,939 difference are as follows:

Compensated absences	\$ 13,490
Pension expense	372,688
Accrued interest	<u>(1,239)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 384,939</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

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

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

For the year ended June 30, 2022, expenditures exceeded the budget in the General Fund departments as follows:

General Fund:

General government	
Chief executive	\$ 77,059
Board of elections	6,387
Finance administration	58,129
Housing and development	
Urban redevelopment and housing	4,234

The excess of expenditures over budget that are noted above were primarily funded by greater than anticipated revenues.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2022 are summarized as follows:

Amounts as presented on the entity wide statement of net position:

Cash and cash equivalents	\$ 9,425,462
Restricted cash and cash equivalents	921,972
Cash as presented on the Statement of Fiduciary Net Position	23,936
Total	<u>\$ 10,371,370</u>
Cash deposited with financial institutions	\$ 6,194,348
Cash deposited with Georgia Fund One	4,177,022
	<u>\$ 10,371,370</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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

The local government investment pool, "Georgia Fund 1" created by OCGA 36-83-8 is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf/S1+ rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in Georgia Fund 1 is reported at fair value. At June 30, 2022, the Georgia Fund One weighted average maturity was 43 days.

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

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments and the Georgia Fund 1) to be collateralized by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2022, the financial institution holding all of the City's deposits, other than Georgia Fund 1 deposits, is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2022, all of the City's bank balances were insured and/or collateralized as defined by GASB and required State Statutes.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City bills and collects its own property taxes. The taxes are levied by September 17 based on the assessed value of property as listed on the previous January 1 and are due on December 20.

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

Receivables at June 30, 2022, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>SPLOST</u>	<u>Water & Sewer</u>	<u>Natural Gas</u>	<u>Other Enterprise</u>
Receivables:					
Taxes	\$ 14,297	\$ -	\$ -	\$ -	\$ -
Accounts	21,560	57,911	472,208	637,308	79,717
Other governments	128,080	89,524	141,370	-	90
Less allowance					
for uncollectible	2,275	-	169,545	32,126	40,002
Net total receivable	<u>\$ 161,662</u>	<u>\$ 147,435</u>	<u>\$ 444,033</u>	<u>\$ 605,182</u>	<u>\$ 39,805</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 938,408	\$ -	\$ -	\$ 938,408
Construction in progress	-	18,650	-	18,650
Total	938,408	18,650	-	957,058
Capital assets, being depreciated:				
Infrastructure	6,433,566	127,997	-	6,561,563
Buildings and improvements	4,329,350	33,588	-	4,362,938
Equipment, furniture & vehicles	3,819,337	111,833	-	3,931,170
Total	14,582,253	273,418	-	14,855,671
Less accumulated depreciation for:				
Infrastructure	(1,705,747)	(219,196)	-	(1,924,943)
Buildings and improvements	(2,022,169)	(104,700)	-	(2,126,869)
Equipment, furniture & vehicles	(2,737,353)	(411,874)	-	(3,149,227)
Total	(6,465,269)	(735,770)	-	(7,201,039)
Total capital assets, being depreciated, net	8,116,984	(462,352)	-	7,654,632
Governmental activities capital assets, net	\$ 9,055,392	\$ (443,702)	\$ -	\$ 8,611,690

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NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 23,274	\$ -	\$ -	\$ 23,274
Construction in progress	56,764	252,691	-	309,455
Total	80,038	252,691	-	332,729
Capital assets, being depreciated:				
Infrastructure	27,770,459	1,956,905	(1,049,009)	28,678,355
Machinery & equipment	1,402,647	44,272	-	1,446,919
Vehicles	454,511	-	-	454,511
Total	29,627,617	2,001,177	(1,049,009)	30,579,785
Less accumulated depreciation for:				
Infrastructure	(9,145,742)	(757,081)	424,574	(9,478,249)
Machinery & equipment	(660,047)	(124,148)	-	(784,195)
Vehicles	(350,274)	(24,746)	-	(375,020)
Total	(10,156,063)	(905,975)	424,574	(10,637,464)
Total capital assets, being depreciated, net	19,471,554	1,095,202	(624,435)	19,942,321
Governmental activities capital assets, net	\$ 19,551,592	\$ 1,347,893	\$ (624,435)	\$ 20,275,050

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

Governmental activities:	
General government	\$ 268,684
Public safety	368,967
Public works	98,119
Total depreciation expense - governmental activities	\$ 735,770
Business-type activities:	
Water & sewer	\$ 624,644
Natural gas	281,331
Total depreciation expense - business-type activities	\$ 905,975

Downtown Development Authority

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 59,600	\$ -	\$ -	\$ 59,600
Total	59,600	-	-	59,600
Total capital assets, net	\$ 59,600	\$ -	\$ -	\$ 59,600

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Development Authority

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 864,436	\$ -	\$ (624,540)	\$ 239,896
Total	<u>864,436</u>	<u>-</u>	<u>(624,540)</u>	<u>239,896</u>
Total capital assets, net	<u>\$ 864,436</u>	<u>\$ -</u>	<u>\$ (624,540)</u>	<u>\$ 239,896</u>

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Financed purchase payable	\$ 548,222	\$ -	\$ (75,389)	\$ 472,833	\$ 77,684
Compensated absences	114,250	112,992	(99,502)	127,740	115,026
Net pension liability	<u>112,698</u>	<u>877,709</u>	<u>(880,287)</u>	<u>110,120</u>	<u>-</u>
Governmental activities Long-term liabilities	<u>\$ 775,170</u>	<u>\$ 990,701</u>	<u>\$ (1,055,178)</u>	<u>\$ 710,693</u>	<u>\$ 192,710</u>
Business-type activities:					
Revenue bonds payable	\$ 5,962,000	\$ -	\$ (135,000)	\$ 5,827,000	\$ 140,000
Add: Premium	129,210	-	(7,841)	121,369	-
Net bonds payable	6,091,210	-	(142,841)	5,948,369	140,000
Note payable	1,353,459	219,089	(75,795)	1,496,753	80,466
Compensated absences	45,529	18,532	(14,093)	49,968	26,263
Net pension liability	<u>34,773</u>	<u>250,848</u>	<u>(254,148)</u>	<u>31,473</u>	<u>-</u>
Business-type activities Long-term liabilities	<u>\$ 7,524,971</u>	<u>\$ 488,469</u>	<u>\$ (486,877)</u>	<u>\$ 7,526,563</u>	<u>\$ 246,729</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

In April 2020, the City issued \$2,029,000 of Revenue Refunding Bonds (Series 2020). The purpose of the refunding was to fully refund \$1,930,000 of the Revenue Bonds, Series 2010. The Series 2020 bonds bear interest at a rate of 2.67% payable each February 1 and August 1 beginning 2020 through 2035. In the event the City is unable to make payments as they become due and payable or is rendered incapable of fulfilling its obligations under the Bond resolution, the Bondholders may proceed to protect and enforce their rights by a lawsuit or legal action. The refunding transaction resulted in aggregate debt service savings of \$352,403 and an economic gain (net present value of the aggregate debt service savings) of \$292,208.

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

Year Ending June 30,	Revenue Bonds		Total
	Principal	Interest	
2023	\$ 140,000	\$ 199,736	\$ 339,736
2024	145,000	195,569	340,569
2025	146,000	191,252	337,252
2026	151,000	186,571	337,571
2027	156,000	181,727	337,727
2028-2032	1,207,000	823,412	2,030,412
2033-2037	1,442,000	628,983	2,070,983
2038-2042	1,435,000	377,800	1,812,800
2043-2045	1,005,000	81,600	1,086,600
Total	<u>\$ 5,827,000</u>	<u>\$ 2,866,650</u>	<u>\$ 8,693,650</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes From Direct Borrowings. The City is contractually obligated to repay a portion of the debt service related to the Georgia Environmental Finance Authority (GEFA) notes issued by the Four County Industrial Development Authority for the purpose of financing the expansion of water lines in the Four County Industrial Site. The City's share in underlying debt is 8%, amounting to an original amount of \$39,021. Quarterly principal and interest payments will be made through 2023.

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

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2023	\$ 80,466	\$ 10,644	\$ 91,110
2024	80,368	9,835	90,203
2025	81,176	9,027	90,203
2026	81,992	8,210	90,202
2027	82,817	7,386	90,203
2028-2032	313,284	25,766	339,050
2033-2037	220,019	14,294	234,313
2038-2042	191,412	3,848	195,260
Total	<u>\$ 1,131,534</u>	<u>\$ 89,010</u>	<u>\$ 1,220,544</u>

In February 2021, the City executed a promissory note to the Georgia Environmental Finance Authority to borrow up to \$3,320,000 from the Clean Water State Revolving Fund for various water system upgrades. As of June 30, 2022, the City had made draws totaling \$365,219 on this note payable to GEFA. As the project is still in the construction phase, an amortization schedule has not been determined for this note and thus the entire payable reports as due in more than one year.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

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

As of June 30, 2022, the future payments for the financed purchase from direct borrowing are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2023	\$ 77,684	\$ 15,030	\$ 92,714
2024	80,052	12,662	92,714
2025	82,495	10,219	92,714
2026	85,017	7,698	92,715
2027	87,619	5,096	92,715
2028-2029	59,966	3,640	63,606
Total	<u>\$ 472,833</u>	<u>\$ 54,345</u>	<u>\$ 527,178</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Water and sewer fund	\$ 222,271
General fund	Natural gas fund	2,992
General fund	Nonmajor enterprise fund	29,533
General fund	SPLOST fund	66,484
Nonmajor governmental fund	General fund	28,369
Water and sewer fund	Natural gas fund	82,982
Nonmajor enterprise fund	Water and sewer fund	4,584
Nonmajor enterprise fund	Natural gas fund	5,221
		<u>\$ 442,436</u>

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

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General fund	Water and sewer fund	\$ 355,634
General fund	Natural gas fund	975,381
General fund	Nonmajor enterprise fund	34,673
Water and sewer fund	ARPA fund	254,339
Water and sewer fund	SPLOST fund	334,278
		<u>\$ 1,954,305</u>

Transfers are used to (1) move unrestricted revenues from the enterprise funds to the General Fund to support operations in the General Fund to keep the millage rate lower for the citizens of the City and (2) move funds from the ARPA fund and SPLOST fund for allowable expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

Plan Description

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

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials who are immediately eligible, who work forty hours or more per week are eligible to participate after one year. Benefits vest after ten years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 1.25% of final average earnings in excess of covered compensation. Eligible employees as of January 1, 2014, are entitled to benefits of 1.45%. An employee may elect early retirement at age 55 provided he has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to \$38 per year for each year of service after reaching normal retirement age.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Plan Description (Continued)

Plan Membership. At January 1, 2022, the date of the most recent actuarial valuation, there were 116 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	29
Terminated vested participants not yet receiving benefits	26
Active employees - vested	21
Active employees - nonvested	42
Total	<u>118</u>

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2022, the actuarially determined contribution rate was 5.37% of covered payroll. The City makes all contributions to the plan. For 2022, the City's contribution to the Plan was \$164,409.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2021.

Actuarial assumptions. The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates for the January 1, 2021 valuation were based on the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015–June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.55%
International equity	20%	7.30
Real estate	10%	3.65
Global fixed income	5%	0.50
Domestic fixed income	20%	0.40
Cash	—%	
Total	100%	

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

Discount rate. The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/21	\$ 4,044,517	\$ 3,897,046	\$ 147,471
Changes for the year:			
Service cost	132,484	-	132,484
Interest	302,145	-	302,145
Differences between expected and actual experience	(49,447)	-	(49,447)
Contributions – employer	-	140,580	(140,580)
Net investment income	-	944,408	(944,408)
Benefit payments, including refunds of employee contributions	(160,226)	(160,226)	-
Administrative expense	-	(15,301)	15,301
Other changes	678,627	-	678,627
Net changes	903,583	909,461	(5,878)
Balances at 6/30/22	\$ 4,948,100	\$ 4,806,507	\$ 141,593

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375 percent, 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 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	\$ 823,161	\$ 141,593	\$ (420,861)

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2021 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended June 30, 2022, the City recognized pension expense of \$627,874. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,754	\$ (46,915)
Changes in assumptions	-	(42,096)
Net difference between projected and actual earnings on pension plan investments	-	(529,470)
City contributions subsequent to the measurement date	123,306	-
Total	<u>\$ 134,060</u>	<u>\$ (618,481)</u>

City contributions subsequent to the measurement date of \$123,306 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2022	\$ (160,484)
2023	(145,288)
2024	(160,408)
2025	(141,547)
Total	<u>\$ (607,727)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED CONTRIBUTION PENSION PLAN

The City of Social Circle's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by Newport Group Inc. for all full time employees. The Plan is funded through employee contributions only. No contributions are made by the City. Plan provisions and contribution requirements are established and may be amended by the City Council. At June 30, 2022, there were 51 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to the maximum amount allowed by the IRS. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the year ended June 30, 2022 were \$54,081.

NOTE 11. JOINT VENTURE

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

NOTE 12. RELATED ORGANIZATIONS

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

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT

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

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

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

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

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

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Contingencies

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

NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements with the Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City, which costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2021, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to \$1,725,363 in fiscal year 2022.

At June 30, 2022, the outstanding debt of MGAG was approximately \$115.4 million. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately \$1.4 million at June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability								
Service cost	\$ 82,778	\$ 110,674	\$ 120,656	\$ 110,419	\$ 130,827	\$ 153,724	\$ 127,360	\$ 132,484
Interest on total pension liability	186,271	199,876	223,499	237,815	253,090	274,624	283,542	302,145
Differences between expected and actual experience	23,309	96,814	(59,359)	(68,150)	(60)	26,884	(12,247)	(49,447)
Changes of assumptions	(64,740)	-	-	-	-	(105,238)	-	-
Changes of benefit terms	46,906	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(93,585)	(104,378)	(100,712)	(99,429)	(100,840)	(138,447)	(142,832)	(160,226)
Other changes	-	-	-	(4,824)	-	-	-	678,627
Net change in total pension liability	180,939	302,986	184,084	175,831	283,017	211,547	255,823	903,583
Total pension liability - beginning	2,450,290	2,631,229	2,934,215	3,118,299	3,294,130	3,577,147	3,788,694	4,044,517
Total pension liability - ending (a)	\$ 2,631,229	\$ 2,934,215	\$ 3,118,299	\$ 3,294,130	\$ 3,577,147	\$ 3,788,694	\$ 4,044,517	\$ 4,948,100
Plan fiduciary net position								
Contributions - employer	\$ 96,015	\$ 110,350	\$ 121,350	\$ 124,029	\$ 132,558	\$ 165,666	\$ 164,330	\$ 140,580
Net investment income	244,943	27,136	269,340	406,310	309,474	103,949	343,959	944,408
Benefit payments, including refunds of member contributions	(93,585)	(104,378)	(100,712)	(99,429)	(100,840)	(138,447)	(142,832)	(160,226)
Administrative expenses	(7,860)	(9,627)	(8,830)	(15,680)	(14,609)	(14,059)	(17,633)	(15,301)
Net change in plan fiduciary net position	239,513	23,481	281,148	415,230	326,583	117,109	347,824	909,461
Plan fiduciary net position - beginning	2,146,158	2,385,671	2,409,152	2,690,300	3,105,530	3,432,113	3,549,222	3,897,046
Plan fiduciary net position - ending (b)	\$ 2,385,671	\$ 2,409,152	\$ 2,690,300	\$ 3,105,530	\$ 3,432,113	\$ 3,549,222	\$ 3,897,046	\$ 4,806,507
City's net pension liability - ending (a) - (b)	\$ 245,558	\$ 525,063	\$ 427,999	\$ 188,600	\$ 145,034	\$ 239,472	\$ 147,471	\$ 141,593
Plan fiduciary net position as a percentage of the total pension liability	90.67%	82.11%	86.27%	94.27%	95.95%	93.68%	96.35%	97.14%
Covered payroll	\$ 1,387,784	\$ 1,624,677	\$ 1,974,526	\$ 1,888,119	\$ 2,175,290	\$ 2,521,106	\$ 2,521,106	\$ 2,814,567
City's net pension liability as a percentage of covered payroll	17.69%	32.32%	21.68%	9.99%	6.67%	9.50%	5.85%	5.03%

Notes to the Schedule:

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

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

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

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

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

CITY OF SOCIAL CIRCLE, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

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

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

PERMANENT FUND

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

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

**CITY OF SOCIAL CIRCLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>Special Revenue Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS	<u>Confiscations Pending Fund</u>	<u>Library Fund</u>	
Cash and cash equivalents	\$ 57,068	\$ 435,315	\$ 492,383
Due from other funds	<u>28,369</u>	<u>-</u>	<u>28,369</u>
Total assets	<u><u>\$ 85,437</u></u>	<u><u>\$ 435,315</u></u>	<u><u>\$ 520,752</u></u>
FUND BALANCES			
LIABILITIES			
Accounts payable	<u>4,246</u>	<u>-</u>	<u>4,246</u>
Total liabilities	<u>4,246</u>	<u>-</u>	<u>4,246</u>
FUND BALANCES			
Nonspendable - corpus	-	350,000	350,000
Restricted:			
Library	-	85,315	85,315
Public safety	<u>81,191</u>	<u>-</u>	<u>81,191</u>
Total fund balances	<u><u>\$ 81,191</u></u>	<u><u>\$ 435,315</u></u>	<u><u>\$ 516,506</u></u>

CITY OF SOCIAL CIRCLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Special Revenue Fund	Permanent Fund	Total
	Confiscations Pending Fund	Library Fund	Nonmajor Governmental Funds
REVENUES			
Investment income	\$ 7	\$ 978	\$ 985
Fines and forfeitures	29,923	-	29,923
Total revenues	29,930	978	30,908
EXPENDITURES			
Current			
Public safety	38,938	-	38,938
Total expenditures	38,938	-	38,938
Net change in fund balances	(9,008)	978	(8,030)
FUND BALANCES, beginning of year	90,199	434,337	524,536
FUND BALANCES, end of year	\$ 81,191	\$ 435,315	\$ 516,506

**CITY OF SOCIAL CIRCLE, GEORGIA
CONFISCATIONS PENDING FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	\$ -	\$ -	\$ 7	\$ 7
Fines and forfeitures	61,500	61,500	29,923	(31,577)
Total revenues	61,500	61,500	29,930	(31,570)
EXPENDITURES				
Public safety	61,500	61,500	38,938	22,562
Total expenditures	61,500	61,500	38,938	22,562
Net change in fund balances	-	-	(9,008)	(9,008)
FUND BALANCES, beginning of year	90,199	90,199	90,199	-
FUND BALANCES, end of year	<u>\$ 90,199</u>	<u>\$ 90,199</u>	<u>\$ 81,191</u>	<u>\$ (9,008)</u>

**CITY OF SOCIAL CIRCLE, GEORGIA
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ -	\$ -	\$ 978	\$ 978
Total revenues	-	-	978	978
Net change in fund balances	-	-	978	978
FUND BALANCES, beginning of year	434,337	434,337	434,337	-
FUND BALANCES, end of year	<u>\$ 434,337</u>	<u>\$ 434,337</u>	<u>\$ 435,315</u>	<u>\$ 978</u>

CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>2013 Projects</u>	Original Estimated Cost	Current Estimated Cost	Prior Years Cumulative Expenditures	Current Year Expenditures	Total Cumulative Expenditures
Roads, sidewalks, drainage	\$ 850,000	\$ 997,156	\$ 997,156	\$ -	\$ 997,156
Library improvements and expansion	500,000	500,000	500,000	-	500,000
Water and sewer improvements	500,000	487,030	487,030	-	487,030
Recreation playgrounds	250,000	100,996	100,996	-	100,996
Public safety improvements	1,000,000	999,990	999,990	-	999,990
Total 2013 SPLOST Expenditures	<u>\$ 3,100,000</u>	<u>\$ 3,085,172</u>	<u>\$ 3,085,172</u>	<u>\$ -</u>	<u>\$ 3,085,172</u>

<u>2019 Projects</u>					
Transportation	\$ 1,000,000	\$ 1,000,000	\$ 730,800	24,725	\$ 755,525
Water and Sewer Infrastructure	1,160,869	1,160,869	-	87,694	87,694
Public Safety	385,000	385,000	65,352	334,278	399,630
Parks and Recreation	100,000	100,000	-	18,650	18,650
Building Upgrades and Improvements	250,000	250,000	265,302	35,000	300,302
Total 2019 SPLOST Expenditures	<u>\$ 2,895,869</u>	<u>\$ 2,895,869</u>	<u>\$ 1,061,454</u>	<u>\$ 500,347</u>	<u>\$ 1,561,801</u>

Non-SPLOST expenditures*

Roads, streets, bridges, and sidewalks	<u>123,590</u>
Total non-SPLOST expenditures	<u>123,590</u>
Total SPLOST fund expenditures	<u>\$ 623,937</u>

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

Georgia Department of Transportation (TAP Grant)	\$ 123,590
Total non-SPLOST expenditures	<u>\$ 123,590</u>

COMPONENT UNITS

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - MAIN STREET COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 63,976
Payments to suppliers	(42,277)
Net cash provided by operating activities	<u>21,699</u>
Net increase in cash and cash equivalents	21,699
Cash and cash equivalents, beginning of year	<u>35,246</u>
Cash and cash equivalents, end of year	<u><u>\$ 56,945</u></u>

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 11,549
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in accounts payable	<u>10,150</u>
Net cash provided by operating activities	<u><u>\$ 21,699</u></u>

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 4,806
Payments to suppliers	<u>(5,070)</u>
Net cash used in operating activities	<u>(264)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>127</u>
Net cash provided by investing activities	<u>127</u>

Net decrease in cash and cash equivalents (137)

Cash and cash equivalents, beginning of year 67,519

Cash and cash equivalents, end of year \$ 67,382

RECONCILIATION OF OPERATING LOSS TO NET

CASH USED IN OPERATING ACTIVITIES

Operating loss	<u>\$ (264)</u>
Net cash used in operating activities	<u><u>\$ (264)</u></u>

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Payments to suppliers	\$ (250)
Net cash used in operating activities	<u>(250)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>1,414</u>
Net cash provided by investing activities	<u>1,414</u>

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

Proceeds from sale of capital assets	1,051,040
Net cash provided by capital and related financing activities	<u>1,051,040</u>

Net increase in cash and cash equivalents	1,052,204
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Cash and cash equivalents, beginning of year	<u>74,754</u>
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Cash and cash equivalents, end of year	<u><u>\$ 1,126,958</u></u>
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STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Social Circle's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	Page
Financial Trends	69
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	74
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
Debt Capacity	78
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	81
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	84
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report.	

CITY OF SOCIAL CIRCLE, GEORGIA
NET POSITION BY COMPONENT
LAST TEN YEARS
(Full accrual basis of accounting)
(amounts expressed in thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities					
Net investment in capital assets	\$ 6,566	\$ 6,812	\$ 6,658	\$ 7,730	\$ 7,528
Restricted	654	1,146	1,538	589	670
Unrestricted	1,335	972	764	523	659
Total governmental activities net position	<u>\$ 8,554</u>	<u>\$ 8,930</u>	<u>\$ 8,960</u>	<u>\$ 8,842</u>	<u>\$ 8,857</u>
Business-type activities					
Net investment in capital assets	\$ 8,799	\$ 8,887	\$ 10,129	\$ 9,933	\$ 9,632
Restricted	256	345	370	-	593
Unrestricted	3,300	3,527	2,733	3,913	4,253
Total business-type activities net position	<u>\$ 12,356</u>	<u>\$ 12,759</u>	<u>\$ 13,232</u>	<u>\$ 13,846</u>	<u>\$ 14,478</u>
Primary government					
Net investment in capital assets	\$ 15,365	\$ 15,699	\$ 16,787	\$ 17,663	\$ 17,160
Restricted	910	1,491	1,908	589	1,263
Unrestricted	4,635	4,499	3,497	4,436	4,912
Total primary government net position	<u>\$ 20,910</u>	<u>\$ 21,689</u>	<u>\$ 22,192</u>	<u>\$ 22,688</u>	<u>\$ 23,335</u>

2018	2019	2020	2021	2022
\$ 7,599	\$ 7,845	\$ 8,378	\$ 8,507	\$ 8,139
956	954	1,117	1,543	1,947
750	1,111	1,129	1,774	1,893
<u>\$ 9,305</u>	<u>\$ 9,910</u>	<u>\$ 10,624</u>	<u>\$ 11,824</u>	<u>\$ 11,979</u>
\$ 9,693	\$ 11,419	\$ 11,521	\$ 12,185	\$ 12,807
654	466	473	474	922
4,539	3,496	4,080	3,766	4,024
<u>\$ 14,886</u>	<u>\$ 15,381</u>	<u>\$ 16,074</u>	<u>\$ 16,425</u>	<u>\$ 17,752</u>
\$ 17,292	\$ 19,264	\$ 19,898	\$ 20,692	\$ 20,946
1,610	1,420	1,591	2,016	2,869
5,289	4,607	5,209	5,540	5,916
<u>\$ 24,191</u>	<u>\$ 25,291</u>	<u>\$ 26,699</u>	<u>\$ 28,248</u>	<u>\$ 29,731</u>

CITY OF SOCIAL CIRCLE, GEORGIA
CHANGES IN NET POSITION
LAST TEN YEARS
(Full accrual basis of accounting)
(amounts expressed in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 946	\$ 920	\$ 1,034	\$ 1,105	\$ 1,151	\$ 1,114	\$ 1,262	\$ 1,054	\$ 1,466	\$ 1,684
Judicial	8	22	16	17	21	27	43	67	65	58
Public safety	1,739	1,849	1,904	2,030	2,281	2,505	2,765	2,899	3,221	3,571
Public works	731	685	854	806	1,059	845	695	993	681	891
Health and welfare	88	92	89	78	102	126	115	103	109	112
Culture and recreation	139	142	143	142	145	186	631	190	148	150
Housing and development	85	145	79	85	99	104	101	304	92	91
Interest on long-term debt	2	19	23	21	20	19	20	10	22	16
Total governmental activities expenses	3,738	3,875	4,142	4,287	4,878	4,926	5,632	5,621	5,805	6,573
Business-type activities										
Water and sewer	1,947	1,881	1,945	2,225	2,413	2,360	2,431	2,526	2,838	3,078
Natural gas	2,311	2,588	2,293	2,097	2,221	2,507	2,972	2,277	2,886	4,677
Solid waste	252	253	242	252	279	286	300	252	328	342
Total business-type activities expenses	4,511	4,722	4,480	4,574	4,912	5,153	5,703	5,055	6,052	8,097
Total primary government expenses	\$ 8,248	\$ 8,597	\$ 8,622	\$ 8,861	\$ 9,789	\$ 10,079	\$ 11,335	\$ 10,676	\$ 11,857	\$ 14,670
Program Revenues										
Charges for services:										
General government	\$ 6	\$ 21	\$ 20	\$ 21	\$ 22	\$ 13	\$ 21	\$ 20	\$ 21	\$ 24
Judicial	-	159	162	112	94	151	111	112	87	86
Public safety	111	-	-	43	15	213	109	51	69	30
Public works	16	14	39	67	64	63	98	140	190	149
Culture and recreation	0	16	22	18	11	57	115	-	1	1
Total charges for services:	133	210	243	261	207	496	454	323	367	290
Operating grants and contributions	181	740	226	165	268	284	771	471	586	420
Capital grants and contributions	241	4	519	509	528	589	502	908	1,080	1,290
Total governmental activities program revenues	554	954	988	935	1,003	1,370	1,726	1,701	2,033	2,000
Business-type activities										
Charges for services:										
Water and sewer	2,055	2,053	2,336	2,718	2,830	2,748	2,957	3,218	3,420	3,808
Natural gas	2,855	3,517	3,229	2,756	3,531	3,488	4,143	3,491	3,932	5,937
Solid waste	279	281	314	314	325	327	342	310	374	389
Operating grants and contributions	29	1	2	10	3	1	2	4	3	66
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	5,218	5,852	5,881	5,799	6,690	6,565	7,444	7,023	7,728	10,201
Total primary government program revenues	\$ 5,772	\$ 6,806	\$ 6,869	\$ 6,734	\$ 7,693	\$ 7,935	\$ 9,170	\$ 8,724	\$ 9,762	\$ 12,200
Net (expenses)/revenue										
Governmental activities	\$ (3,184)	\$ (2,921)	\$ (3,154)	\$ (3,352)	\$ (3,875)	\$ (3,556)	\$ (3,906)	\$ (3,919)	\$ (3,772)	\$ (4,573)
Business-type activities	707	1,130	1,401	1,225	1,779	1,412	1,741	1,968	1,676	2,103
Total primary government net expense	\$ (2,477)	\$ (1,791)	\$ (1,753)	\$ (2,127)	\$ (2,096)	\$ (2,144)	\$ (2,165)	\$ (1,951)	\$ (2,096)	\$ (2,470)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 1,057	\$ 1,097	\$ 1,076	\$ 1,153	\$ 1,334	\$ 1,527	\$ 1,541	\$ 1,569	\$ 1,778	\$ 1,890
Franchise taxes	439	437	465	458	455	445	476	488	489	504
Sales taxes	555	526	547	539	564	593	720	842	893	1,076
Other taxes	333	104	85	102	86	108	95	431	473	477
Unrestricted investment earnings	17	38	20	36	5	13	15	19	2	3
Gain on sale of capital assets	-	83	-	22	283	3	68	-	11	-
Miscellaneous	41	236	253	263	12	305	322	-	-	-
Transfers	735	775	916	660	1,151	1,010	1,273	1,285	1,327	777
Total governmental activities	3,177	3,296	3,362	3,233	3,890	4,004	4,510	4,634	4,972	4,727
Business-type activities:										
Other taxes	62	49	43	50	4	5	28	-	-	-
Unrestricted investment earnings	-	-	-	-	-	-	-	9	1	1
Gain on sale of capital assets	14	-	-	-	-	-	-	-	-	-
Transfers	(735)	(775)	(916)	(660)	(1,151)	(1,010)	(1,273)	(1,285)	(1,327)	(777)
Total business-type activities	(659)	(726)	(873)	(610)	(1,147)	(1,005)	(1,245)	(1,276)	(1,326)	(776)
Total primary government	\$ 2,518	\$ 2,570	\$ 2,489	\$ 2,623	\$ 2,743	\$ 2,999	\$ 3,265	\$ 3,358	\$ 3,646	\$ 3,952
Change in Net Position										
Governmental activities	\$ 9	\$ 375	\$ 205	\$ (118)	\$ 15	\$ 448	\$ 604	\$ 715	\$ 1,200	\$ 154
Business-type activities	48	403	528	615	632	408	496	692	350	1,328
Total primary government	\$ 57	\$ 778	\$ 733	\$ 497	\$ 647	\$ 856	\$ 1,100	\$ 1,407	\$ 1,550	\$ 1,482

CITY OF SOCIAL CIRCLE, GEORGIA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN YEARS
(full accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Insurance Tax	Other Taxes	Total
2013	\$ 1,057	\$ 439	\$ 555	\$ -	\$ 356	\$ 2,407
2014	1,097	437	526	220	121	2,401
2015	1,076	465	546	228	110	2,425
2016	1,153	457	539	244	122	2,515
2017	1,334	455	564	264	105	2,722
2018	1,527	445	593	281	132	2,978
2019	1,541	476	720	303	114	3,154
2020	1,569	488	842	321	110	3,330
2021	1,778	489	893	338	135	3,633
2022	1,890	504	1,076	349	128	3,947

CITY OF SOCIAL CIRCLE, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General fund					
Nonspendable - prepaids	\$ 163	\$ 199	\$ 217	\$ 221	\$ 110
Restricted - capital projects	-	-	106	160	-
Assigned:					
Library	40	38	35	34	31
Cemetery	46	49	64	69	71
Friendship park	-	-	-	-	-
Firetruck and equipment	-	-	-	-	-
Fire station generator	-	-	-	-	-
LMIG paving	-	-	-	-	69
UB software	-	-	-	-	30
Cardiac monitor	-	-	-	-	27
Storm drainage	-	-	-	-	47
Website design and peak	-	-	-	-	-
Unified development code	-	-	-	-	-
Unassigned	1,114	757	720	619	626
Total general fund	<u>\$ 1,363</u>	<u>\$ 1,043</u>	<u>\$ 1,142</u>	<u>\$ 1,103</u>	<u>\$ 1,011</u>
All other governmental funds					
Nonspendable					
Permanent Fund Corpus	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350
Restricted:					
Library	58	64	58	68	57
Public safety	20	15	15	10	14
Capital projects	226	716	1,010	-	248
Unassigned	-	-	-	(116)	-
Total all other governmental funds	<u>\$ 654</u>	<u>\$ 1,145</u>	<u>\$ 1,432</u>	<u>\$ 312</u>	<u>\$ 669</u>

2018	2019	2020	2021	2022
\$ 103	\$ 109	\$ 110	\$ 123	\$ 113
-	-	-	-	-
34	32	-	-	-
70	84	-	-	-
-	17	-	-	-
-	143	-	-	-
-	-	-	25	25
28	78	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	10	-
-	-	-	-	84
817	952	1,230	1,853	2,285
<u>\$ 1,052</u>	<u>\$ 1,415</u>	<u>\$ 1,340</u>	<u>\$ 2,011</u>	<u>\$ 2,507</u>

\$ 350	\$ 350	\$ 350	\$ 350	\$ 350
68	78	84	84	85
72	58	29	90	81
466	468	654	1,018	1,373
-	-	-	-	-
<u>\$ 956</u>	<u>\$ 954</u>	<u>\$ 1,117</u>	<u>\$ 1,543</u>	<u>\$ 1,889</u>

CITY OF SOCIAL CIRCLE, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues					
Taxes	\$ 2,425	\$ 2,423	\$ 2,416	\$ 2,524	\$ 2,733
Licenses and permits	17	17	16	72	74
Intergovernmental	407	740	731	665	787
Fines and forfeitures	111	159	162	154	109
Charges for services	20	18	43	17	12
Interest income	17	42	34	46	5
Other revenues	32	16	22	18	11
Total revenues	<u>3,029</u>	<u>3,415</u>	<u>3,424</u>	<u>3,496</u>	<u>3,731</u>
Expenditures					
General government	778	983	872	948	1,013
Judicial	8	22	17	17	21
Public safety	1,632	2,629	1,746	3,009	2,134
Public works	630	763	950	1,318	1,065
Health & Welfare	88	92	89	78	101
Culture & Recreation	135	138	139	139	140
Housing & Development	84	145	79	89	99
Capital Outlay	2	-	-	-	-
Debt service					
Principal retirements	54	46	38	39	40
Interest and fiscal charges	4	2	24	23	21
Total expenditures	<u>3,415</u>	<u>4,821</u>	<u>3,953</u>	<u>5,660</u>	<u>4,634</u>
Excess (deficiency) of revenues over expenditures	(386)	(1,406)	(530)	(2,164)	(903)
Other financing sources (uses)					
Proceeds from financed purchase	-	-	-	-	-
Issuance of long-term debt	-	716	-	-	-
Insurance Recoveries	-	-	-	-	-
Proceeds from sale of capital assets	15	86	-	27	18
Transfers in	773	775	916	978	1,156
Transfers out	(38)	-		(1)	(4)
Total other financing sources (uses)	<u>750</u>	<u>1,577</u>	<u>916</u>	<u>1,004</u>	<u>1,170</u>
Net change in fund balances	<u>\$ 364</u>	<u>\$ 171</u>	<u>\$ 386</u>	<u>\$ (1,160)</u>	<u>\$ 267</u>
Debt service as a percentage of noncapital expenditures	1.77%	1.02%	1.63%	1.12%	1.36%

2018	2019	2020	2021	2022
\$ 2,965	\$ 3,204	\$ 3,257	\$ 3,705	\$ 3,940
74	110	152	202	162
830	1,129	1,249	1,626	1,603
328	220	163	156	116
1	8	8	9	12
13	16	19	2	3
60	258	129	39	49
4,271	4,945	4,977	5,740	5,885
1,005	1,036	1,067	1,286	1,319
28	43	67	65	58
2,474	2,845	3,417	2,971	3,101
1,035	1,021	1,387	1,215	907
126	116	103	110	105
182	629	190	148	150
104	111	304	92	87
-	-	-	-	-
42	300	21	73	75
20	27	10	20	17
5,016	6,128	6,568	5,980	5,820
(745)	(1,183)	(1,591)	(241)	65
-	-	385	-	-
-	-	-	-	-
-	263	-	-	-
3	8	-	11	-
1,070	1,273	1,294	1,327	1,366
-	-	-	-	(589)
1,073	1,544	1,679	1,337	777
\$ 328	\$ 361	\$ 89	\$ 1,096	\$ 842
1.28%	5.95%	0.65%	1.78%	1.68%

CITY OF SOCIAL CIRCLE, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
LAST TEN YEARS
(amounts expressed in thousands)

Fiscal Year	Real and Personal Property		Motor Vehicle	Mobile Homes Utility	Timber	Less:
	Real	Personal				Tax Exempt Real Property
2013	\$ 83,829	\$ 87,214	\$ 9,175	\$ 120	\$ 159	\$ 49,744
2014	83,469	84,537	8,310	104	-	48,462
2015	90,129	83,193	5,455	100	-	46,254
2016	115,641	89,329	4,229	90	46	48,938
2017	129,637	88,997	3,393	89	-	46,361
2018	138,468	94,065	2,741	78	-	49,458
2019	146,372	86,525	2,463	75	-	44,192
2020	141,545	90,167	2,452	75	-	43,867
2021	162,407	99,039	1,907	75	-	53,157
2022	175,205	92,282	1,745	62	-	44,299

Source: City of Social Circle Tax Department

Total Taxable Assessed Value		Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	130,752	7.411	\$ 326,880	40.00%
	127,958	7.411	319,895	40.00%
	132,623	7.411	331,558	40.00%
	160,398	7.900	400,994	40.00%
	175,755	7.900	439,388	40.00%
	185,894	7.900	464,734	40.00%
	191,243	7.900	478,107	40.00%
	190,372	7.900	475,930	40.00%
	210,271	7.900	658,568	40.00%
	224,995	7.900	562,490	40.00%

CITY OF SOCIAL CIRCLE, GEORGIA
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
(Per \$1000 of Assessed Value)
LAST TEN YEARS

Calendar Year	City of Social Circle, Georgia		Walton County	School District	GA State	Total Direct & Overlapping Rates
	Operating Millage	Total City Millage		Operating Millage		
2013	7.411	7.411	11.93	16.873	0.15	36.362
2014	7.411	7.411	11.77	19.790	0.10	39.074
2015	7.411	7.411	11.19	19.092	0.05	37.747
2016	7.900	7.900	11.33	17.949	0.00	37.174
2017	7.900	7.900	10.91	17.144	0.00	35.949
2018	7.900	7.900	10.91	19.647	0.00	38.452
2019	7.900	7.900	10.91	19.278	0.00	38.083
2020	7.900	7.900	10.68	19.278	0.00	37.858
2021	7.900	7.900	10.91	19.278	0.00	38.083
2022	7.900	7.900	10.41	18.722	0.00	37.032

Source: City of Social Circle Tax Department and Walton County

Calendar Year	City of Social Circle, Georgia		Newton County	School District	GA State	Total Direct & Overlapping Rates
	Operating Millage	Total City Millage		Operating Millage		
2013	7.411	7.411	13.19	16.873	0.15	37.625
2014	7.411	7.411	12.43	19.790	0.10	39.726
2015	7.411	7.411	13.44	19.092	0.05	39.994
2016	7.900	7.900	13.44	17.949	0.00	39.290
2017	7.900	7.900	13.44	17.144	0.00	38.485
2018	7.900	7.900	13.44	19.647	0.00	40.988
2019	7.900	7.900	13.43	19.278	0.00	40.608
2020	7.900	7.900	12.92	19.278	0.00	40.098
2021	7.900	7.900	11.15	19.278	0.00	38.323
2022	7.900	7.900	9.45	18.722	0.00	36.072

Source: City of Social Circle Tax Department and Newton County

CITY OF SOCIAL CIRCLE, GEORGIA

PRINCIPAL TAXPAYERS CURRENT AND NINE YEARS AGO

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
General Mills	\$ 24,273,006	1	10.79 %	\$ -	-	- %
Standridge Color Corp	19,705,201	2	8.76	-	-	-
Solo Cup Operating Corp	12,795,935	3	5.69	-	-	-
WPT WILLOW SPRINGS LLC	11,915,613	4	5.30	-	-	-
The Goodyear Tire and Rubber	11,637,217	5	5.17	-	-	-
Social Circle LLC	10,543,720	6	4.69	-	-	-
Certainfeed LLC	6,757,146	7	3.00	-	-	-
Standridge Robert E	4,422,944	8	1.97	-	-	-
Tidewater Marketing	3,899,122	9	1.73	-	-	-
Masterack Manufacturing	3,612,807	10	1.61	-	-	-
Solo Cup Operating Corp	-	-	-	4,760,460	1	3.49
Robert E Standridge Irrevocable Family Trust	-	-	-	4,417,779	2	3.24
Certainfeed Corp	-	-	-	2,358,305	3	1.73
Georgia Power Co	-	-	-	1,795,552	4	1.32
Standridge Properties	-	-	-	1,623,627	5	1.19
Rosemary B Mathews	-	-	-	1,151,803	6	0.84
NA SCBT	-	-	-	1,118,710	7	0.82
Pryor Street Investment	-	-	-	1,104,502	8	0.81
Toco Hill Inc	-	-	-	1,104,447	9	0.81
The Goodyear Tire and Rubber	-	-	-	835,824	10	0.61
	<u>\$ 109,562,711</u>		<u>48.70 %</u>	<u>\$ 20,271,009</u>		<u>14.86 %</u>

Source: City of Social Circle Tax Department

CITY OF SOCIAL CIRCLE, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(amounts expressed in thousands)

Fiscal Period Ending June 30,	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 997	\$ 996	99.9%	\$ 1	\$ 997	100.00%
2014	956	936	97.9%	20	956	99.98%
2015	1,018	992	97.4%	26	1,018	99.95%
2016	1,055	1,041	98.6%	14	1,055	99.98%
2017	1,220	1,207	98.9%	14	1,219	99.97%
2018	1,363	1,343	98.6%	20	1,361	99.85%
2019	1,444	1,440	99.7%	3	1,444	99.97%
2020	1,490	1,475	99.0%	13	1,475	98.99%
2021	1,648	1,642	99.6%	6	1,642	99.63%
2022	1,781	1,769	99.3%	-	1,769	99.30%

NOTES: (1) Includes all taxes levied for the General Fund

Note Taxes are billed once a year in September for the calendar year.

The software used for taxes in years 2013 - 2016 does not provide reports to separate collections during the fiscal and in subsequent years so most of the Collections are reported in the "within the Fiscal Year" column for those years.

CITY OF SOCIAL CIRCLE, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(amounts expressed in thousands, except per capita amount)

	Governmental Activities		Business-type Activities					
Fiscal Year	Financed Purchases	Revenue Bonds	Notes Payable	Financed Purchases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	
2013	\$ 46	\$ 1,894	\$ 4,876	\$ 19	\$ 6,835	14.89%	\$ 327	
2014	716	1,896	4,635	7	7,254	15.50%	363	
2015	678	1,898	4,384	-	6,960	15.82%	376	
2016	639	6,600	20	-	7,259	14.45%	340	
2017	599	6,484	17	-	7,100	13.76%	306	
2018	558	6,367	14	-	6,939	13.78%	310	
2019	258	6,245	419	-	6,922	12.93%	289	
2020	621	6,246	464	-	7,332	13.24%	287	
2021	548	6,091	1,353	-	7,993	13.93%	304	
2022	473	5,948	1,497	-	7,918	10.39%	211	

(1) See the Demographic and Economic Statistics for personal income and population data.

CITY OF SOCIAL CIRCLE, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2022
(amounts expressed in thousands)

	Net General Obligation Debt Outstanding	Percentage Applicable to City of Social Circle (1)	Amount Applicable to City of Social Circle
Overlapping General Obligation Debt:			
Walton County			
Financed purchases	\$ 6,399	7.175%	\$ 459
Walton County Board of Education			
General Obligation Bonds (2)	22,415	7.175%	1,608
Total overlapping debt	28,814		2,067
City direct debt:			
Financed purchases	473	100.000%	473
	473		473
Total direct and overlapping debt	\$ 29,287		\$ 2,540

Source: Assessed value data used to estimate applicable percentages provided by the Walton County Finance Department. Debt outstanding data provided by Walton County Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Social Circle, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

(2) General obligation bonds are general obligations of the issuer to which its full faith and credit and taxing powers are pledged.

CITY OF SOCIAL CIRCLE, GEORGIA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Gross Revenues (1)	Less:	Net	Debt Service		Coverage
		Operating Expenses (2)	Available Revenue	Principal	Interest	
2022	\$ 3,876	\$ 2,253	\$ 1,623	\$ 211	\$ 246	3.55
2021	3,421	1,900	1,521	170	211	3.99
2020	3,228	1,782	1,446	157	200	4.05
2019	2,986	1,725	1,261	115	263	3.34
2018	2,753	1,700	1,053	110	360	2.24
2017	2,832	1,775	1,057	110	362	2.24
2016	2,734	1,404	1,330	-	111	11.98
2015	2,347	1,292	1,055	-	87	12.13
2014	2,063	1,213	850	-	87	9.77
2013	2,067	1,271	796	-	87	9.15

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Include operating revenues plus interest income.

(2) Total operating expenses exclusive of depreciation.

CITY OF SOCIAL CIRCLE, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Fiscal Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age (1)	Percentage of Population Age 25 and Older with Greater then 12 Years of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)
2013	4,308	\$ 45,893	\$ 20,876	37.0	58%	1,706	7.7%
2014	4,352	46,796	19,984	39.3	53%	1,664	6.5%
2015	4,378	44,004	18,508	36.5	51%	1,696	5.2%
2016	4,419	50,248	21,337	37.1	54%	1,732	6.1%
2017	4,479	51,609	23,234	40.0	53%	1,784	4.9%
2018	4,479	50,368	22,372	37.9	50%	1,788	5.5%
2019	4,479	53,538	23,987	37.6	43%	1,798	4.5%
2020	4,447	55,382	25,517	37.5	43%	1,848	4.3%
2021	4,974	57,397	26,302	37.6	44%	1,843	6.8%
2022	4,892	76,185	37,582	39.9	62%	1,902	4.0%

(1) Source: U.S. Census

(2) Source: Provided by City of Social Circle School Board

(3) Source: U.S. Census and Department of Labor

CITY OF SOCIAL CIRCLE, GEORGIA

PRINCIPAL EMPLOYERS CURRENT AND SIX YEARS AGO

Employer	2022			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Standridge Color Corp	306	1	13.02 %	290	1	13.18 %
Social Circle City Schools	265	2	11.28	238	3	10.82
GoodYear Tire & Rubber	226	3	9.62	176	4	8.00
General Mills Distribution (Excel)	209	4	8.89	247	2	11.23
IMMEC	130	5	5.53	112	5	5.09
Dart Enterprises	82	6	3.49	51	10	2.32
Masterack	80	7	3.40	90	7	4.09
Social Circle Cypress LLC	61	8	2.60	-	-	-
Certainfeed	60	9	2.55	-	-	-
Social Circle Ace Hardware	58	10	2.47	-	-	-
Fouts Brothers	-		-	55	9	2.50
L&P CVP Group LLC	-		-	100	6	4.55
Social Circle Cypress	-		-	83	8	3.77
	<u>1,477</u>		<u>62.85 %</u>	<u>1,442</u>		<u>65.55 %</u>

Source: Various City departments

Note: Prior to fiscal year 2020, the Principal Employers for each year were not maintained and the business licenses were not required to be kept for longer than 5 years. 2016 is the oldest year available.

CITY OF SOCIAL CIRCLE, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Function					
General government	9	8	8	8	7
Public safety					
Police					
Officers	18	18	18	15	15
Civilians	1	1	1	1	1
Fire					
Firefighters and officers	17	15	15	14	14
Highways and streets					
Engineering	3	3	4	4	3
Maintenance	4	4	3	4	4
Water/Gas	19	18	16	16	16
Sanitation					
Culture and recreation	2	2	2	2	2
Total	<u>73</u>	<u>69</u>	<u>67</u>	<u>64</u>	<u>62</u>

Source: Social Circle Financial Software and Budget reporting

2017	2016	2015	2014	2013
8	8	8	7	7
14	14	15	14	12
1	1	1	1	1
11	11	9	8	6
3	3	3	2	2
5	5	5	6	6
15	15	15	14	10
2	2	2	2	2
59	59	58	54	46

CITY OF SOCIAL CIRCLE, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Function					
Police					
Physical arrests	84	105	133	144	159
Parking violations	13	3	5	5	24
Traffic violations	1,246	1,298	1,486	1,017	1,363
Fire					
Number of calls answered	756	832	743	824	935
Inspections	158	169	84	205	100
Highways and streets					
Street resurfacing (miles) (1)	N/A	N/A	N/A	N/A	N/A
Potholes repaired	N/A	N/A	N/A	N/A	N/A
Sanitation					
Refuse collected (tons/day)	14.02	15.70	14.96	13.32	13.11
Recyclables collected (tons/day)	0.51	0.14	0.14	0.13	N/A

Source: City of Social Circle Departments

N/A - Information not available

(1) Road resurfacing and number of potholes repaired has not been kept to date. Will begin collecting starting fiscal year 2023.

2017	2016	2015	2014	2013
141	103	180	238	280
16	5	4	1	4
1,106	580	753	1,034	1,125
936	805	864	718	749
100	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
12.57	10.78	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

CITY OF SOCIAL CIRCLE, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Function					
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	24	24	24	21	21
Fire stations	2	2	2	2	2
Fire trucks	5	5	5	5	5
Highways and streets					
Streets (miles)	50	50	50	50	50
Culture and recreation					
Parks acreage	10.6	10.6	10.6	10.6	10.6
Parks	3	3	3	3	3
Utility services					
Gas lines - Service (miles)	69.81	69.18	63.88	58.52	57.11
Water lines - Service (miles)	54.00	54.00	54.00	54.00	54.00

Source: Various City departments

N/A - Information not available

Note: Capital asset indicators are not available for the general government function.

2017	2016	2015	2014	2013
1	1	1	1	1
19	19	19	18	18
2	2	1	1	1
5	5	5	5	5
50	50	50	50	50
9.6	9.6	9.6	9.6	9.6
2	2	2	2	2
57.11	57.00	56.70	52.70	52.70
N/A	N/A	N/A	N/A	N/A

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the City of Social Circle, Georgia (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 3, 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.

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

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, and 2022-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-005 to be a significant deficiency.

Report on Compliance and Other Matters

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

The City's Responses to the Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 3, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Social Circle, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Social Circle, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 3, 2023

CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR Pass-through Grantor/Program Title	ASSISTANCE LISTING NUMBER	GRANT PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development:			
Passed through Georgia Department of Community Affairs			
Community Development Block Grant Entitlement Grants Cluster			
Community Development Block Grant	14.228	20p-x-147-2-6160	\$ 545,473
Total Community Development Block Grant Entitlement Grants Cluster			545,473
Total Department of Housing and Urban Development			545,473
U.S. Department of Justice:			
Equitable Sharing Program	16.922	N/A	29,923
Total Department of Justice			29,923
U.S. Department of Treasury:			
Passed through State of Georgia Office of the Governor			
COVID-19: Coronavirus Relief Fund	21.019	SLFRP1029	254,339
Total Department of Treasury			254,339
U.S. Environmental Protection Agency:			
Passed through Georgia Environmental Finance Authority			
Clean Water State Revolving Fund Cluster			
Capitalization Grants for Clean Water State Revolving Funds	66.458	13000121	219,087
Total Clean Water State Revolving Fund Cluster			219,087
Total Environmental Protection Agency			219,087
U.S. Department of Transportation:			
Passed through Georgia Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	693JJ21930000Z303GA0016639	123,590
Total Highway Planning and Construction Cluster			123,590
Formula Grants for Rural Areas and Tribal Transit Program	20.509	GA-2020-003-00	50,234
Passed through Georgia Department of Public Safety			
Highway Safety Cluster			
State and Community Highway Safety	20.600	69A37520300004020GA0	2,671
Total Highway Safety Cluster			2,671
Total Department of Transportation			176,495
Total Expenditures of Federal Awards			\$ 1,225,317

See note to the schedule of expenditures of federal awards

CITY OF SOCIAL CIRCLE, GEORGIA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(1) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

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

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

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

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

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

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? ☒ yes ☐ no

Significant deficiencies identified? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weaknesses identified? ☐ yes ☒ no

Significant deficiencies identified? ☐ yes ☒ none reported

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

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

Identification of major programs:

Assistance Listing Number
14.228

Name of Federal Program or Cluster
Community Development Block Grants
– Entitlement Grants Cluster

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

Auditee qualified as low-risk auditee? ☐ yes ☒ no

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

2022-001 Equity Reconciliations (Repeat)

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

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the opening fund balance of the General Fund and the opening net position of the Main Street Commission.

Context/Cause: During our testing, an audit adjustment was required in the Downtown Development Authority of approximately \$59,600 to correctly report the opening net position and capital assets for the fiscal year ended June 30, 2022. This was caused by the City not posting prior year entries.

Effects: An audit adjustment in the amount of \$59,600 was necessary to correctly report the opening net position of the Downtown Development Authority.

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

Auditee's Response: We concur with the finding. We will review the net position for Downtown Development Authority closely going forward. The City will more carefully review all closing transactions going forward to ensure all year-end closing entries are properly posted and in accordance with generally accepted accounting principles.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

2022-002 Accounts Receivable and Related Accounts (Repeat)

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

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

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

- The General Fund required an adjustment in the amount of approximately \$15,900 to reduce unavailable revenue and increase revenue related to prior year unavailable revenue received in the current year.
- The SPLOST Fund required an adjustment in the amount of approximately \$58,700 to reduce unavailable revenue and increase revenue related to prior year unavailable revenue received in the current year.
- The Water and Sewer Fund required entries in the amount of approximately \$23,800 to reduce various accounts receivable accounts and to correct bad debt expense for the change in allowance for uncollectible accounts.
- The Natural Gas Fund required entries in the amount of approximately \$26,800 to reduce various accounts receivable accounts and to correct bad debt expense for the change in allowance for uncollectible accounts.
- The Solid Waste Fund required entries in the amount of approximately \$7,800 to reduce various accounts receivable accounts and to correct bad debt expense for the change in allowance for uncollectible accounts.

Effects: Audit adjustments totaling approximately \$133,000 were needed to correctly report the accounts receivable and related accounts for the fiscal year ended June 30, 2022.

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

Auditee's Response: We concur with the finding. We will review the calculation of the allowance for doubtful accounts in the future to determine the appropriate amount for the allowance.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

2022-003 Capital Asset Reporting (Repeat)

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

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

Context/Cause: During our testing of capital assets of the City, an adjustment of approximately \$334,300 was required to transfer assets purchased with SPLOST funds to the Water and Sewer Fund. An adjustment of approximately \$1,094,600 was required in order to correctly record the sale of capital assets in the Water and Sewer Fund.

Effects: Adjustments totaling approximately \$1,428,900 were required to report capital assets in accordance with GAAP.

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

Auditee's Response: We concur with the finding. We will review the depreciation methods on all capital assets to determine they are being recorded appropriately.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

2022-004 Liabilities (Repeat)

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

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

Context/Cause: An adjustment of approximately \$83,600 was required in the Water and Sewer Fund in order to record retainage payable and related expenses.

Effects: An audit adjust of approximately \$83,600 was necessary to correctly report the City's liabilities for the fiscal year ended June 30, 2022.

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

Auditee's Response: We concur with the finding. We will review all liability accounts to determine that the appropriate entries have been recorded as of year-end.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

2022-005 Long-term Debt and Related Balances

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

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

Context/Cause: During our testing, audit adjustments of approximately \$58,200 were required in the Water and Sewer Fund in order to correctly report the City's long-term debt and related expenses for the fiscal year ended June 30, 2022. The adjustment was required to correct bond premiums, discounts, issuance costs and accrued interest liability.

Effects: Audit adjustments of approximately \$58,200 were necessary to correctly report long-term debt and related expenditures for the fiscal year ended June 30, 2022.

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

Auditee's Response: We concur with the finding. We will review the long-term debt balances to verify they match the subsidiary ledgers and record all necessary entries.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

None reported.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

2021-001 Equity Reconciliations

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

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the opening fund balance of the General Fund and the opening net position of the Main Street Commission.

Status: This issue was not corrected in fiscal year 2022. See finding 2022-001.

2021-002 Allowance for Doubtful Accounts Calculation

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

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the allowance for doubtful accounts in the utility funds.

Status: This issue was not corrected in fiscal year 2022. See finding 2022-002.

2021-003 Capital Asset Reporting

Criteria: Internal controls should be in place to ensure that capital assets are properly accounted for in accordance with generally accepted accounting principles (GAAP). Non-depreciable assets, such as land, should not be depreciated.

Condition: Due to ineffective controls surrounding the recording of capital assets, an adjustment was required to adjust capital assets to be in accordance with GAAP.

Status: This issue was not corrected in fiscal year 2022. See finding 2022-003.

**CITY OF SOCIAL CIRCLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

2021-004 Liabilities

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

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

Status: This issue was not corrected in fiscal year 2022. See finding 2022-004.

2021-005 Prepaid Expenditures

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

Condition: Internal controls were not sufficient to detect misstatements in the reporting of prepaid expenditures.

Status: Corrected.



The City Of

SOCIAL CIRCLE

*166 North Cherokee Road · Post Office Box 310 · Social Circle, Georgia 30025
Office: 770-464-2380 · Fax: 770-464-2113*

2022-001 Equity Reconciliations (Repeat)

Name of the Contact Person Responsible for the Corrective Action Plan: Jennifer Fricks, Finance Director

Corrective Action Plan: Reconciliation processes are being put in place to ensure that the opening balances for each fund match the prior year ending balances per the financial statements. We will also ensure that the closing balance each year matches the ending balance in the financial statements. Entries will be prepared to ensure that the Payroll Fund is included in the General Fund.

Anticipated Completion Date: December 31, 2022

2022-002 Accounts Receivable and Related Accounts (Repeat)

Name of the Contact Person Responsible for the Corrective Action Plan: Jennifer Fricks, Finance Director

Corrective Action Plan: We will carefully review all transactions to ensure all year-end closing entries and related accounts for fiscal year-end are accurate and in accordance with generally accepted accounting principles.

Anticipated Completion Date: December 31, 2022

2022-003 Capital Asset Reporting

Name of the Contact Person Responsible for the Corrective Action Plan: Jennifer Fricks, Finance Director

Corrective Action Plan: Capital assets will be reviewed in-house and monitored more closely. We will review capital assets against the City's policies to determine that depreciation is appropriately calculated.

Anticipated Completion Date: December 31, 2022



The City Of

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2021-004 Liabilities (Repeat)

Name of the Contact Person Responsible for the Corrective Action Plan: Jennifer Fricks, Finance Director

Corrective Action Plan: All liability accounts will be reviewed by the Finance Director at year-end to determine properly reporting in accordance with generally accepted accounting principles.

Anticipated Completion Date: December 31, 2022

2022-005 Long-term Debt and Related Balances

Name of the Contact Person Responsible for the Corrective Action Plan: Jennifer Fricks, Finance Director

Corrective Action Plan: The City will review all accounts and transactions to ensure all year-end closing entries are accurate and in accordance with generally accepted accounting principles.

Anticipated Completion Date: December 31, 2022

"Georgia's Greatest Little Town"