CITY OF MCRAE-HELENA, GEORGIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023



Certified Public Accountant
Certified Internal Auditor
Certified Government Auditing Professional

CITY OF MCRAE-HELENA, GEORGIA
FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

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I. FINANCIAL SECTION

- **INDEPENDENT AUDITOR'S REPORT**
- **BASIC FINANCIAL STATEMENTS**

Milton CPA Services, LLC
49 West Oak Street
McRae Helena, GA
31055

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
City of McRae-Helena, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Mc Rae Helena, Georgia (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Mc Rae Helena, Georgia, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Management has omitted the Management's Discussion and Analysis for the year ended June 30, 2023 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. Our opinion on the basic financial statement is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules related to pensions on pages 39-40 and the budgetary comparison information on pages 41-42 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 nonmajor fund financial statements and schedules and supplementary schedules 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 combining and individual nonmajor fund financial statements and schedules and supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2024 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.

Mitton CPA Services, LLC

McRae-Helena, Georgia

February 12, 2024
Except for the CDBG Project Cost Schedule – Source and Application of Funds Schedule on page 48 as to which the date is July 15, 2024

CITY OF MCRAE-HELENA, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 10,863,867	$ 1,628,388	$ 12,492,255
Restricted assets - cash	102,380	-	102,380
Taxes receivable, net of uncollectible accounts	278,749	-	278,749
Other receivables	298,266	212,201	510,467
Internal balances	374,695	(374,695)	-
Prepaids	78,000	16,500	94,500
Other assets	9,038	-	9,038
Capital assets:			
Nondepreciable	288,653	659,519	948,172
Depreciable, net	4,785,555	9,499,187	14,284,742
Total assets	17,079,203	11,641,100	28,720,303
DEFERRED OUTFLOWS OF RESOURCES	490,977	107,411	598,388
LIABILITIES			
Accounts payable	27,028	2,572	29,600
Other accrued liabilities	26,094	34,335	60,429
Unearned revenue	3,035,676	-	3,035,676
Noncurrent liabilities:			
Due within one year -			
Notes payable	44,972	232,904	277,876
Due in more than one year:			
Notes payable	978,215	3,304,857	4,283,072
Net pension liability	654,954	143,284	798,238
Total liabilities	4,766,939	3,717,952	8,484,891
DEFERRED INFLOWS OF RESOURCES	387,173	84,701	471,874
NET POSITION			
Net investment in capital assets	4,051,021	6,620,945	10,671,966
Restricted for - capital projects	3,625,635	-	3,625,635
Restricted for - redevelopment	162,417	-	162,417
Unrestricted	4,576,995	1,324,913	5,901,908
Total net position	$ 12,416,068	$ 7,945,858	$ 20,361,926

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	$ 705,821	$ 285,770	$ -
Public safety	1,661,100	-	-
Public works	1,441,475	448,546	55,258
Health and welfare	888	-	4,000
Culture and recreation	54,920	-	-
Housing and development	97,076	-	-
Interest	35,696	-	-
Total governmental activities	3,996,976	734,316	59,258
Business-type activities -			
Water and sewer	1,449,511	1,124,354	-
Total business-type activities	1,449,511	1,124,354	-
Total primary government	$ 5,446,487	$ 1,858,670	$ 59,258
General revenues:			
Property taxes			
Franchise taxes			
Local option sales taxes			
Hotel Motel tax			
Alcoholic beverage taxes			
Insurance premium taxes			
Interest income			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position - beginning			
Prior period adjustment			
Net position - beginning - as restated			
Net position - ending			

Program Revenues	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
$ -	$ (420,051)	$ -	$ (420,051)
-	(1,661,100)	-	(1,661,100)
988,460	50,789	-	50,789
-	3,112	-	3,112
-	(54,920)	-	(54,920)
-	(97,076)	-	(97,076)
-	(35,696)	-	(35,696)
988,460	(2,214,942)	-	(2,214,942)
-	-	(325,157)	(325,157)
-	-	(325,157)	(325,157)
$ 988,460	(2,214,942)	(325,157)	(2,540,099)
	1,327,747	-	1,327,747
	305,282	-	305,282
	676,504	-	676,504
	30,453	-	30,453
	116,199	-	116,199
	483,708	-	483,708
	21,948	5,883	27,831
	37,430	16,539	53,969
	(124,535)	124,535	-
	2,874,736	146,957	3,021,693
	659,794	(178,200)	481,594
	13,301,741	8,124,058	21,425,799
	(1,545,467)	-	(1,545,467)
	11,756,274	8,124,058	19,880,332
	$ 12,416,068	$ 7,945,858	$ 20,361,926

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	American Rescue Plan	SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 4,102,871	$ 3,035,676	$ 2,418,128	$ 1,307,192	$ 10,863,867
Restricted assets - cash	102,380	-	-	-	102,380
Taxes receivable - net of uncollectible accounts	278,749	-	-	-	278,749
Other receivables	237,884	-	50,526	9,856	298,266
Due from other funds	374,695	-	-	2,350	377,045
Prepaids	78,000	-	-	-	78,000
Other assets	9,038	-	-	-	9,038
Total assets	$ 5,183,617	$ 3,035,676	$ 2,468,654	$ 1,319,398	$ 12,007,345
LIABILITIES					
Accounts payable	$ 27,028	$ -	$ -	$ -	$ 27,028
Due to other funds	2,350	-	-	-	2,350
Unearned revenue	-	3,035,676	-	-	3,035,676
Other accrued liabilities	26,094	-	-	-	26,094
Total liabilities	55,472	3,035,676	-	-	3,091,148
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	218,257	-	-	-	218,257
Unavailable revenue - fines	127,254	-	-	-	127,254
Total deferred inflows of resources	345,511	-	-	-	345,511
FUND BALANCES					
Nonspendable	78,000	-	-	-	78,000
Restricted					
Capital projects	-	-	2,468,654	1,156,981	3,625,635
Redevelopment	-	-	-	162,417	162,417
Assigned	600,000	-	-	-	600,000
Unassigned	4,104,634	-	-	-	4,104,634
Total fund balances	4,782,634	-	2,468,654	1,319,398	8,570,686
Total liabilities, deferred inflows of resources, and fund balances	$ 5,183,617	$ 3,035,676	$ 2,468,654	$ 1,319,398	$ 12,007,345

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:		
Total governmental fund balance (page 5)		$ 8,570,686
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Cost of capital assets	$ 10,802,851	
Less accumulated depreciation	(5,728,643)	5,074,208
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		345,511
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability		(654,954)
Deferred outlfow and inflows of resources related to pensions are appliable to future periods and, therefore, are not reported in the funds.		
Deferred outflow of employer contributions after the measurement date		125,280
Deferred outflows of resources related to pensions		365,697
Deferred inflows of resources related to pensions		(387,173)
Long-term liabilities, such as compensated absences and capital leases are not due and payable in the current period and, therefore, are not reported in the funds.		(1,023,187)
Net position of governmental activities (page 3		$ 12,416,069

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General	American Rescue Plan	SPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 2,792,644	$ -	$ -	$ 30,453	$ 2,823,097
Charges for services	508,677	-	-	-	508,677
Licenses and permits	60,232	-	-	-	60,232
Intergovernmental	121,033	55,258	576,508	296,520	1,049,319
Fines and forfeitures	101,563	-	-	-	101,563
Interest income	20,193	-	4,890	1,757	26,840
Other income	53,260	-	-	4,000	57,260
Total revenues	3,657,602	55,258	581,398	332,730	4,626,988
EXPENDITURES					
Current:					
General government	730,854	-	-	21,446	752,300
Public safety	1,593,237	-	1,725	-	1,594,962
Public works	1,111,132	-	33,067	-	1,144,199
Health and welfare	888	-	-	-	888
Culture and recreation	54,920	-	-	-	54,920
Housing and development	74,455	-	8,000	14,621	97,076
Debt service:					
Principal	66,028	-	-	-	66,028
Interest	35,696	-	-	-	35,696
Capital outlay:					
Public safety	-	-	520,151	-	520,151
Public works	10,300	-	66,314	210,396	287,010
Total expenditures	3,677,510	-	629,257	246,463	4,553,230
Excess of revenues over expenditures	(19,908)	55,258	(47,859)	86,267	73,758
OTHER FINANCING SOURCES (USES)					
Transfer in (out)	(265,478)	(55,258)	(69,277)	265,478	(124,535)
Total other financing sources (uses)	(265,478)	(55,258)	(69,277)	265,478	(124,535)
Net change in fund balances	(285,386)	-	(117,136)	351,745	(50,777)
Fund balances, beginning	5,068,020	1,545,467	2,585,790	967,653	10,166,930
Prior period adjustment	-	(1,545,467)	-	-	(1,545,467)
Fund balances, beginning, as restated	5,068,020	-	2,585,790	967,653	8,621,463
Fund balances, ending	$ 4,782,634	$ -	$ 2,468,654	$ 1,319,398	$ 8,570,686

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the statement of activities (page 4) are different because:		
Net change in fund balances - total governmental funds (page 7)		$ (50,777)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$ 807,161	
Depreciation expense	(529,494)	277,667
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue at June 30, 2023	$ 345,511	
Unavailable revenue at June 30, 2022	(175,362)	170,149
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	$ 166,989	
Cost of benefits earned net of employee contributions (pension expense) benefit	29,737	196,726
The issuance of long-term debt (e.g. bonds, leases), 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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayments of long-term debt	$ 66,028	66,028
Change in net position of governmental activities (page 4)		$ 659,794

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Business-Type Activity - Enterprise Fund
	Water and Sewer
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1,628,388
Accounts receivable, ne	212,201
Prepaids	16,500
Total current assets	1,857,089
Noncurrent assets -	
Capital assets:	
Land, nondepreciable	525,656
Construction in progress, nondepreciabl	133,863
Buildings and plant, depreciable	19,232,333
Machinery and equipment, depreciabl	649,726
Less - accumulated depreciation	(10,382,872)
Capital assets, net	10,158,706
Total assets	12,015,795
DEFERRED OUTFLOWS OF RESOURCES	107,411
LIABILITIES	
Current liabilities:	
Accounts payable	2,572
Other accrued liabilities	34,335
Due to other funds	374,695
Current portion of long-term deb	232,904
Total current liabilities	644,506
Long-term liabilities -	
Long-term debt	3,304,857
Net pension liability	143,284
Total liabilities	4,092,647
DEFERRED INFLOWS OF RESOURCES	84,701
NET POSITION	
Net investment in capital assets	6,620,945
Unrestricted	1,324,913
Total net position	$ 7,945,858

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Business-Type Activity - Enterprise Fund
	Water and Sewer
OPERATING REVENUES	
Sewerage charges	$ 578,564
Water charges	524,673
Late fees	12,019
Cut on fees	9,098
Other revenue	16,539
Total operating revenues	1,140,893
OPERATING EXPENSES	
Personnel services	264,672
Employee benefits	121,384
Repairs and maintenance	56,296
Depreciation	487,119
Supplies and materials	98,599
Professional fees	83,809
Utilities	201,549
Other operating	25,892
Rent	2,950
Insurance	13,950
Total operating expenses	1,356,220
Operating income	(215,327)
NON-OPERATING REVENUES (EXPENSES)	
Investment income	5,883
Interest expense	(93,291)
Total non-operating revenues, net	(87,408)
Income (loss) before transfers	(302,735)
Transfer in, net	124,535
Change in net position	(178,200)
Net position, beginning	8,124,058
Net position, ending	$ 7,945,858

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF MCRAE-HELENA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
JUNE 30, 2023

	Business-Type Activity - Enterprise Fund
	Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 1,155,223
Cash paid to suppliers for goods and services	(608,299)
Cash paid to employees for services	(294,033)
Net cash provided by operating activities	252,891
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(78,604)
Loan proceeds received	62,861
Principal paid on long-term debt	(269,862)
Interest and fees paid on long-term debt	(88,947)
Net cash used for capital and related financing activities	(374,552)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income on investments	5,883
Net cash provided by investing activities	5,883
Net decrease in cash	(115,778)
Cash, beginning	1,744,166
Cash, ending	$ 1,628,388
Classifed as:	
Current assets	$ 1,628,388
	$ 1,628,388
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	$ (215,327)
Depreciation	487,119
Change in accounts payable	(3,370)
Change in prepaids	(500)
Change in net pension liability and related deferrals	(29,361)
Change in accounts receivable	14,330
Net cash provided by operating activities	$ 252,891

The accompanying Notes to Financial Statements are an integral part of these statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide 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 nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The City of McRae-Helena, Georgia (City) operates under a mayor-council form of government and provides the following services as authorized by its charter; general administration services, public safety (police and fire), public works, health and welfare, culture and recreation, and housing and development. The City also operates a public utility (water and sewer) for the incorporated and the immediate surrounding areas.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City has no potential component units that should be considered for inclusion in the reporting entity.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

American Rescue Plan accounts for emergency funding for eligible state, local, territorial, and tribal governments to respond to the COVID-19 emergency.

SPLOST Capital Projects Fund accounts for 1% sales tax proceeds required to be used for capital outlay for infrastructure enhancement purposes as authorized by local referendum.

The City reports the following non-major governmental fund:

CDBG Revolving Loan Fund accounts for CDBG Redevelopment Funds received as part of the City's efforts to leverage investments in commercial, downtown and industrial redevelopment and revitalization projects.

Grant Fund Exceeding 2% accounts for certain individual grants to finance major capital projects.

Transportation SPLOST accounts for the 1% regional sales tax proceeds received as part of the Transportation Investment Act to be used for capital outlay for highway and street enhancement purposes.

Hotel Motel Tax Fund accounts for the revenues and expenditures related to the 5% hotel/motel tax levied by the City. This 5% tax provides funds for the promotion of tourism as provided by O.C.G.A. 48-13-51.

The City reports the following major proprietary fund:

Water and Sewer Fund was established for the control of the operating revenue and expenses of the water distribution system and sewerage processing plants.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

The 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the statement which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. ***Cash and Cash Equivalents*** - include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

   State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and obligations of the other political subdivisions of the State of Georgia.

   Investments are reflected following the guidance for investment valuations provided by GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments in non-negotiable certificates of deposit are stated using a cost-based measure.

2. ***Restricted assets*** – are set aside and classified as restricted on the balance sheet because their use is limited by applicable ordinances. If an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted assets will be applied first with any unrestricted assets used if necessary.

   As of June 30, 2023, the restricted assets of the City consisted of:

General fund – restricted cash	$ 102,380

3. ***Short-term Interfund Receivables/Payables*** - During the course of operations, numerous transactions may occur between individual funds for goods provided or services rendered. The purpose of the interfund balances is to account for those transactions that have not been settled as of the financial statement date. These receivables and payables are classified as "due from other funds" or "due to other funds" on the respective fund's balance sheet and as internal balances on the statement of net position. All interfund balances shown are expected to be settled within one year.

4. ***Accounts Receivable and Taxes Receivable -*** Accounts receivable and taxes receivable, are shown net of an allowance for uncollectible accounts. The allowance for general government accounts receivable is derived from the age of the individual receivable with age categories ranging from 30 days past due to five years past due, and applicable uncollectible percentages ranging from 3% to 100% of the accounts receivable in that category.

   Utility service accounts receivable reported in the enterprise fund is reported net of an allowance for uncollectible amounts. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

5. ***Prepaid Items*** - Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6. Inventories – On the government-wide financial statements, inventories, as applicable, are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds, as applicable, are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures in the governmental fund types when consumed.

7. Capital Assets - Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized in the government-wide financial statements to the extent the City's capitalization threshold of $5,000 is met. Other costs incurred for repairs and maintenance are expensed as incurred. The City's infrastructure consists of roads, bridges and water and sewer lines.

Depreciation on capital assets is calculated on the straight-line basis over the estimated useful lives of the respective assets as follows:

• Buildings and plant	30 - 40 years
• Machinery and equipment	5 - 20 years
• Infrastructure	15 - 25 years

8. Compensated Absences - It is the City's policy to permit employees to accumulate earned but unused vacation that will be paid to employees at the end of the year. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. 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, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues primarily from two sources: property taxes and fines and forfeitures. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

10. Pensions

The employees of the City participate in the Georgia Municipal Employees Benefit System (GMEBS). 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 GMEBS and additions to/deductions from GMEBS's fiduciary net position have been determined on the same basis as they are reported by GMEBS. 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.

11. 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 assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

12. Leases

In fiscal year 2023, the City implemented GASB Statement No. 87, *Leases*. This statement requires a lessee to recognize a lease liability and right-to-use asset on the statement of net position. The City's contracts and agreements were reviewed and evaluated for eligibility of this standard. It was concluded that this statement has no material impact on the net position of the City and thus lease liabilities and right-to-use assets related to leases are not presented in the City's financial statements. City contracts and agreements will be reviewed annually for GASB 87 eligibility.

13. Subscription-Based IT Arrangements

In fiscal year 2023, the City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments) and established that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. The City's contracts and agreements were reviewed and evaluated for eligibility of this standard. It was concluded that this statement has no material impact on the net position of the City and thus lease liabilities and right-to-use subscription assets are not presented in the City's financial statements. City subscriptions and contracts will be reviewed annually for GASB 96 eligibility.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

14. Fund Equity:

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

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

- **Nonspendable** - fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (ie., 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 the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments

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

- **Assigned** - fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purpose, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Clerk to assign fund balances.

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

15. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted - net position is applied.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

16. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

17. 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 amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The City levied the 2022 taxes of 10.691 mills on October 20, 2022 payable on December 20, 2022. City property tax revenues are recognized when received unless collection is made within 60 days of year-end, in which case the subsequent collections are recognized at year-end.

Property taxes receivable are recorded in the General Fund. At year end, receivables represent delinquent taxes. Delinquent taxes not paid within 60 days of year end are recorded as unavailable revenue.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

H. Restatement of Fund Balance for Fiscal Year 2022

In conformity with GAAP, the 2022 fund balance of the American Rescue Plan fund has been restated to properly account for unearned grant revenue at fiscal year-end June 30, 2022 of $1,545,467. The City's net position as of June 30, 2022 has been restated by the same amount.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Policy and Budgetary Data

Budget Policy

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except capital project funds, which adopt a project-length budget. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds budgets are adopted on a basis consistent with GAAP. The budget is adopted on a departmental basis and is amended by the governing board on a periodic basis as required by changing conditions. The budgeted amounts shown represent the final amended budget. It has been restructured in order to conform to the structure of the actual data, which is presented in a form to provide the greatest economic meaning to the data. All appropriations lapse at the end of each fiscal year end.

Encumbrance accounting, under which purchase orders, contract and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City. Accordingly, encumbrances outstanding at year end are not reported as reservations of fund balances nor do they constitute expenditures or liabilities. General accepted accounting principles do not require encumbrance accounting.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

A summary of the City's deposits and investments at June 30, 2023 follows:

Account Balances	
Petty cash	$ 1,387
Demand deposits	11,092,976
Certificates of deposit	1,500,272
	$ 12,594,635

Ownership of Funds	
Primary Government	
Governmental funds -	
Cash and cash equivalents	$ 10,966,247
Proprietary funds -	
Cash and cash equivalents	1,628,388
Total reporting entity	$ 12,594,635

Custodial Credit Risk is the risk that in the event of a bank failure, the City's deposits (in excess of FDIC insurance) may not be returned to us.

Deposits:

The City's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the City's custodial banks in the City's name.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Investments:

Interest Rate Risk is the risk that changes in interest rates will adversely affect the value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The City has no investment policy that would further limit its investment choices from those authorized and listed in Note I. F.

B. Receivables

Receivables at June 30, 2023, consisted of taxes, accounts (billings for user charges), and intergovernmental receivables arising from services provided.

	Receivable	Allowance	Net
General Fund:			
Taxes receivable	$ 286,749	$ (8,000)	$ 278,749
Customers	246,884	(9,000)	237,884
SPLOST -			
Intergovernmental	50,526	-	50,526
TSPLOST 25% Discretionary -			
Intergovernmental	9,856	-	9,856
Total governmental activities	594,015	(17,000)	577,015
Water and Sewer -			
Customers	252,201	(40,000)	212,201
Total business-type activities	252,201	(40,000)	212,201
Total	$ 846,216	$ (57,000)	$ 789,216

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

C. Interfund Receivables and Payables

A summary of individual interfund receivable and payable balances at June 30, 2023 follows:

	Payable to:		
Payable from:	General Fund	TSPLOST 25% Discretionary	Total
General fund	$ -	$ 2,350	$ 2,350
Water and Sewer fund	$ 374,695	$ -	$ 374,695
Total	$ 374,695	$ 2,350	$ 377,045

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made between funds which the City expects to collect in subsequent years.

The amounts payable to the general fund relate to working capital loans made to the water and sewer fund. The amounts payable from the general fund relate to TSPLOST revenues erroneously being deposited into the general fund.

D. Transfers

A summary of fund transfers for the year ended June 30, 2023 follows:

	Transfers In (Out)				
Fund	General Fund	American Rescue Plan	SPLOST	Grant Fund	Water and Sewer
General Fund	$ -	$ -	$ -	$ 265,478	$ -
Grant Fund	(265,478)	-	-	-	55,258
Water and Sewer	-	(55,258)	(69,277)	-	69,277
	$ (265,478)	$ (55,258)	$ (69,277)	$ 265,478	$ 124,535

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the funds to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to segregate money for anticipated or completed capital projects between governmental and business-type activities.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

E. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

Governmental Activities:	Balance 6/30/2022	Additions	Retirements	Balance 6/30/2023
Capital assets, not being depreciated -				
Land	$ 65,257	$ -	$ -	$ 65,257
Construction in progress	13,000	210,396	-	223,396
Total capital assets not being depreciated	78,257	210,396	-	288,653
Capital assets, being depreciated:				
Buildings and improvements	2,270,094	-	-	2,270,094
Machinery and equipment	4,581,498	530,451	-	5,111,949
Infrastructure	3,065,841	66,314	-	3,132,155
Total capital assets being depreciated	9,917,433	596,765	-	10,514,198
Less accumulated depreciation for:				
Buildings and improvements	969,674	60,823	-	1,030,497
Machinery and equipment	3,068,358	262,804	-	3,331,162
Infrastructure	1,161,117	205,867	-	1,366,984
Total accumulated depreciation	5,199,149	529,494	-	5,728,643
Total capital assets, being depreciated, net	4,718,284	67,271	-	4,785,555
Governmental activities capital assets, net	$ 4,796,541	$ 277,667	$ -	$ 5,074,208
Business-type Activities:				
Capital assets, not being depreciated -				
Land	$ 525,656	$ -	$ -	$ 525,656
Construction in progress	-	133,863	-	133,863
Total capital assets not being depreciated	525,656	133,863	-	659,519
Capital assets, being depreciated:				
Buildings and plant	19,163,057	69,276	-	19,232,333
Machinery and equipment	649,726	-	-	649,726
Total capital assets being depreciated	19,812,783	69,276	-	19,882,059
Less accumulated depreciation for:				
Buildings and improvements	9,335,357	469,051	-	9,804,408
Machinery and equipment	560,396	18,068	-	578,464
Total accumulated depreciation	9,895,753	487,119	-	10,382,872
Total capital assets, being depreciated, net	9,917,030	(417,843)	-	9,499,187
Business-type activities capital assets, net	$ 10,442,686	$ (283,980)	$ -	$ 10,158,706

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Depreciation expense was charged to functions / programs as follows:

Governmental Activities:	
General government and administration	$ 17,178
Public safety	183,305
Public works	329,011
Total depreciation expense - governmental activities	$ 529,494
Business-type Activities -	
Water and sewer	$ 487,119
Total depreciation expense - business-type activities	$ 487,119

F. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended June 30, 2023:

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Current Portion	Long-term Portion
Governmental activities:						
USDA #97-05	$ 808,965	$ -	$ (29,307)	$ 779,658	$ 30,306	$ 749,352
USDA #97-06	246,889	-	(8,855)	238,034	9,171	228,863
USDA #97-07	33,361	-	(27,866)	5,495	5,495	-
Governmental activities - long-term liabilities	$ 1,089,215	$ -	$ (66,028)	$ 1,023,187	$ 44,972	$ 978,215
Business-type activities:						
Series 1983 revenue bonds	45,000	-	(45,000)	-	-	-
Series 1996 revenue bonds	162,270	-	(9,017)	153,253	9,008	144,245
GEFA note 99-L95WJA	677,719	-	(148,946)	528,773	155,289	373,484
GEFA note 2014L24WQ	1,311,938	-	(66,899)	1,245,039	68,607	1,176,432
GEFA note DW2016018	1,547,835	62,861	-	1,610,696	-	1,610,696
Business-type Activities - long-term liabilities	$ 3,744,762	$ 62,861	$ (269,862)	$ 3,537,761	$ 232,904	$ 3,304,857

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

USDA #97-05

During fiscal year 2012 the City obtained a loan from the U.S. Department of Agriculture (USDA) for the purpose of purchasing and renovating a building for use by the public safety departments in the amount of $1,037,500. As of June 30, 2013, $980,727 of the available loan has been disbursed to the City. The loan calls for an interest only payment due May 21, 2013 followed by monthly installments of $4,680 beginning June 21, 2013 at 3.375% per annum. The final payment is scheduled for May 21, 2042.

The annual requirements to amortize the remaining balance as of June 30, 2023, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2024	$ 30,306	$ 25,854	$ 56,160
2025	31,345	24,815	56,160
2026	32,419	23,741	56,160
2027	33,530	22,630	56,160
2028	34,680	21,480	56,160
2029-2033	192,065	88,735	280,800
2034-2038	227,317	53,483	280,800
2039-2042	197,996	13,323	211,319
	$ 779,658	$ 274,061	$ 1,053,719

USDA #97-06

During fiscal year 2012 the City obtained a loan from the U.S. Department of Agriculture (USDA) for the purpose of purchasing and renovating a building for use by the public safety departments in the amount of $315,000. The loan calls for an interest only payment due May 21, 2013 followed by monthly installments of $1,421 beginning June 21, 2013 at 3.375% per annum. The final payment is scheduled for May 21, 2042.

The annual requirements to amortize the remaining balance as of June 30, 2023, including interest payments are as follows:

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Year Ending June 30,	Principal	Interest	Total Payment
2024	$ 9,171	$ 7,881	$ 17,052
2025	9,485	7,567	17,052
2026	9,811	7,241	17,052
2027	10,147	6,905	17,052
2028	10,495	6,557	17,052
2029-2033	58,122	27,138	85,260
2034-2038	68,790	16,470	85,260
2039-2042	62,013	4,123	66,136
	$ 238,034	$ 83,882	$ 321,916

USDA #97-07

During fiscal year 2013 the City obtained a loan from the U.S. Department of Agriculture (USDA) for the purpose of purchasing a fire truck and equipment for use by the fire department in the amount of $244,400. The loan calls for monthly installments of $2,376 beginning December 13, 2013 at 3.125% per annum. The final payment is scheduled for November 13, 2023.

The annual requirements to amortize the remaining balance as of June 30, 2023, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2024	$ 5,495	$ 24	$ 5,519
	$ 5,495	$ 24	$ 5,519

Revenue Bonds Payable

Water and Sewer Revenue Bonds, Series 1983 and 1996 - The City issued fixed rate revenue bonds to provide funds to acquire, construct, and equip extensions of and additions and improvements to the City's water and sewer system. The revenues of the Water and Sewer Fund are pledged to secure these outstanding bonds

Revenue bonds payable at June 30, 2023, are comprised of the following individual issues:

Series 1983 - $840,000 water and sewer bonds due in annual installments through December 1, 2022; interest at 5.00%. Series 1983 was paid off during fiscal year 2023.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Series 1996 - $263,624 water and sewer bonds due in monthly installments of $1,427 through August 14, 2036; interest at 5.125%.

The annual requirements to amortize the Series 1996 outstanding revenue bonds as of June 30, 2023, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2024	$ 9,008	$ 8,116	$ 17,124
2025	9,480	7,644	17,124
2026	9,978	7,146	17,124
2027	10,501	6,623	17,124
2028	11,052	6,072	17,124
2029-2033	64,594	21,026	85,620
2034-2036	38,640	3,901	42,541
Total	$ 153,253	$ 60,528	$ 213,781

Note Payable – GEFA #99-L95WJA

During fiscal year 2006 the City was awarded a loan from the Georgia Environmental Facilities Authority (GEFA) for the purpose of making water and wastewater system improvements in the amount of $2,362,423. The loan calls for quarterly installments of $43,757 beginning April 1, 2006 at 4.19% per annum. The final payment is scheduled for January 1, 2026.

The annual requirements to amortize the remaining balance as of June 30, 2023, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2024	$ 155,289	$ 19,740	$ 175,029
2025	161,899	13,131	175,030
2026	168,790	6,240	175,030
2027	42,795	536	43,331
	$ 528,773	$ 39,647	$ 568,420

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Note Payable – GEFA #2014L24WQ

During fiscal year 2018 the City was awarded a loan from the Georgia Environmental Facilities Authority (GEFA) for the purpose of making water and wastewater system improvements in the amount of $1,802,616. As of June 30, 2023 $1,584,352 had been borrowed. The loan calls for monthly installments of $8,784 beginning July 1, 2018 at 3.03% per annum. The final payment is scheduled for July 1, 2037.

The annual requirements to amortize the remaining balance as of June 30, 2023, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2024	$ 68,607	$ 36,801	$ 105,408
2025	70,715	34,693	105,408
2026	72,888	32,520	105,408
2027	75,127	30,281	105,408
2028	77,435	27,973	105,408
2029-2033	424,361	102,679	527,040
2034-2038	455,906	34,286	490,192
	$ 1,245,039	$ 299,233	$ 1,544,272

Note Payable – GEFA #DW2016018

During fiscal year 2022 the City was awarded a loan from the Georgia Environmental Facilities Authority (GEFA) for the purpose of making water and wastewater system improvements in the amount of $2,326,000. As of June 30, 2023 $1,610,696 had been borrowed. Interest only payments will be required until all funds have been received and an amortization schedule will be established at that time.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

G. Fund Equity

Fund Balances:

- ***Nonspendable*** – The following fund balances are nonspendable because they are allocated to:

General fund –	
Prepaids	$ 78,000

- ***Restricted*** – The following fund balances are restricted for:

Capital Projects Funds -	
SPLOST –	
used to account for capital projects financed with SPLOST	$ 2,468,654
Transportation SPLOST –	
used to account for capital projects financed with TSPLOST	84,288
TSPLOST 25% Discretionary –	
used to account for capital projects financed with TSPLOST	865,933
Grant Fund – accounts for various grants to finance capital projects	206,760
Special Revenue Funds -	
CDBG Revolving Loan Fund –	
used to account for CDBG Redevelopment Funds received as part of the City's redevelopment and revitalization projects	162,417
	$ 3,788,052

- ***Assigned*** – The following fund balances are assigned to:

General fund –	
to be used for capital outlay purposes of the City	$ 600,000

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Net Position:

Net investment in capital assets reported on the government-wide statement of position as of June 30, 2023 are as follows:

	Governmental Activities	Business-Type Activities
Net investment in capital assets		
Cost of capital assets	$ 10,802,851	$ 20,541,578
Less accumulated depreciation	(5,728,643)	(10,382,872)
Book value	5,074,208	10,158,706
Less capital related debt	(1,023,187)	(3,537,761)
Net investment in capital assets	$ 4,051,021	$ 6,620,945

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2023, the City was covered by general liability insurance through Trident Insurance Services. The City was also covered by worker's compensation insurance through Lion Insurance Company.

B. Contingencies and Other

Grant contingencies - The City has received Federal and state grant monies for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will not be significant.

Other contingencies and pending litigation - Certain claims, suits, and complaints arising in the ordinary course of operations have been filed or are pending against the City. In the opinion of the City's management, all such matters are adequately covered by insurance, or if not so covered are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the City if disposed of unfavorably.

IV. OTHER INFORMATION

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an on-going financial responsibility. The City participates in the following joint venture:

Heart of Georgia Altamaha Regional Commission – Under Georgia law, the City, in conjunction with other cities and counties in the region, is a member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2023, the City paid $6,252 in such dues. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC of Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Commission
5405 Oak Street
Eastman, Georgia 31023

D. Hotel Motel Lodging Tax

The City has levied a 5% hotel motel tax under the provisions of O.C.G.A. 48-13-51. The code section provides that the City shall expend for the purpose of promoting tourism, conventions, and trade shows a percentage of the total taxes collected under this code section which is not less than the percentage of such tax collections expended for such purposes during the immediately preceding fiscal year. During the year ended June 30, 2023, the City received $30,453 in hotel motel taxes. The City distributes 40% of the tax receipts to the Pioneer Arts and Historical Society of Telfair County, Georgia on a quarterly basis and expends the remaining 60% for general government purposes. For the year ended June 30, 2023, the City has complied with the expenditures requirements of code section 48-13-51.

E. Retiree Life Insurance Program

The City offers its retired employees $10,000 of term life insurance through the Georgia Municipal Association. The life insurance is a continuation of the insurance provided with health insurance for current employees. The benefit provisions and obligation to contribute are established by approval of the City. Once an active employee retires, the City begins to pay the premium to continue the life insurance for each retired employee. The only employee requirement for insurance coverage is to be a current City employee when retiring. The City has the right to establish and amend the benefit provisions of the plan. The current charges for each employee is $3.50 per month, per year. The City expenses the payment within the department the former employee worked. The City has not adopted GASB Statement No. 75 relating to its OPEB as it is deemed immaterial to the financial statements taken as a whole.

IV. OTHER INFORMATION

F. Peace Officers' Annuity and Benefit Fund

The police officers are covered under a pension plan, which requires that a certain percentage of fines be remitted on a monthly basis to the pension plan before the payment of any costs or other claims. The Fund's GASB Statement No. 68 Schedules may be obtained by writing to Peace Officers' Annuity & Benefit Fund of Georgia , P.O. Box 56, Griffin, Georgia 30224.

G. Pension Plan

Plan Description

The City of McRae Helena contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as an investment and administrative agent for cities and municipalities in Georgia. The City has the right to establish and amend the benefit provisions of the plan. These amendments become effective once approved by the Board of Trustees of GMEBS. The plan is a defined benefit plan.

All full-time employees of the City are eligible to participate after being employed for one year working at least 30 hours per week. Benefits fully vest after five (5) years of service. Employees who retire at or after age sixty-five (65) with five (5) years of credited service or after attainment of age fifty-five (55) with ten (10) years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to a percentage of their average monthly earnings as defined in the plan for each year of credit service. The system also provides death and disability benefits. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street-SW, Atlanta, Georgia 30303.

Current membership in the GMEBS is comprised of the following:

Valuation date	1/1/2023
Retired participants and beneficiaries	42
Participants inactive with vested rights	36
Participants active:	
Fully vested	27
Not vested	13
Total	118

IV. OTHER INFORMATION

Contributions

The City is required to contribute based on actuarial funding policy. The annual recommended contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). These amortization periods, if applicable, are closed for this plan year. The inflation rate assumption for the City of McRae-Helena, Georgia is assumed to be the same rate as the current year cost of living adjustments. Plan provisions and contribution requirements are established by state statute and may be amended by the State. Employees are not required to contribute to the fund. Fiscal year 2022 contributions represented 12.80% of covered payroll. 2023 information will be determined after fiscal year end and will be included in the 2023 valuation report.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25% plus service based merit increases
Investment rate of return	7.375%

Mortality Rates:
Healthy retirees and beneficiaries: Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
Disabled participants: Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
Active participants, terminated vested participants, and deferred beneficiaries: Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
Plan termination basis (all lives): 1994 Group Annuity Reserving Unisex Table.

The mortality tables (other than the one used for the plan termination basis) are projected generationally from 2012 to future years using 60% of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative.

IV. OTHER INFORMATION

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. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	6.80%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Domestic fixed income	20%	0.40%
Cash	0%	
Total	100%	

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. 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 periods of projected benefit payments to determine the total pension liability.

The changes in the net pension liability follows:

IV. OTHER INFORMATION

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at prior measurement date	$ 4,603,872	$ 3,937,591	$ 666,281
Changes for the year:			
Service cost	$ 60,358	$ -	$ 60,358
Interest	336,066	-	336,066
Differences between expected and actual experience	(707,810)	-	(707,810)
Contributions - employer	-	216,625	(216,625)
Net investment income	-	(644,672)	644,672
Benefit payments	(214,808)	(214,808)	-
Administrative expense	-	(15,296)	15,296
Other	-	-	-
Net changes	$ (526,194)	$ (658,151)	$ 131,957
Balances at September 30, 2022	$ 4,077,678	$ 3,279,440	$ 798,238

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

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 1,315,329	$ 798,238	$ 367,653

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report.

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

For the year ended June 30, 2023, the City recognized pension expense (benefit) of ($29,738). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

IV. OTHER INFORMATION

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,532	$ (471,874)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	422,168	-
Employer contributions subsequent to the measurement date	152,688	-
Total	$ 598,388	$ (471,874)

The City's contributions subsequent to the measurement date of $152,688 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Amount
2024	$ 120,317
2025	171,095
2026	(78,324)
2027	(186,914)

H. Subsequent Events

The City assessed events that have occurred subsequent to June 30, 2023 through February 12, 2024 for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the component unit financial statements which were issued on February 12, 2024.

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year End									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 60,358	$ 55,190	$ 56,367	$ 60,833	$ 60,059	$ 64,778	$ 75,595	$ 48,691	$ 86,501	
Interest	336,066	319,288	308,692	295,500	287,881	275,767	274,766	152,821	251,798	
Differences between expected and actual experience	(707,810)	70,596	19,804	31,350	144	76,034	(102,695)	(43,726)	123,059	
Changes of assumptions	-	-	-	-	-	-	-	-	2,326	
Changes of benefit terms	-	-	-	-	-	-	-	26,667	-	
Other changes	-	-	-	111,635	-	44,896	-	-	-	
Benefit payments, including refunds of employee contributions	(214,808)	(230,694)	(249,317)	(249,066)	(245,479)	(237,333)	(232,163)	(129,446)	(212,487)	
Net change in total pension liability	(526,194)	214,380	135,546	250,252	102,605	224,142	15,503	55,007	251,197	-
Total pension liability - beginning	4,603,872	4,389,492	4,253,946	4,003,694	3,901,089	3,676,947	3,661,444	3,606,437	3,355,240	
Total pension liability - ending (a)	$ 4,077,678	$ 4,603,872	$ 4,389,492	$ 4,253,946	$ 4,003,694	$ 3,901,089	$ 3,676,947	$ 3,661,444	$ 3,606,437	$ -
Plan fiduciary net position										
Contributions - employer	$ 216,625	$ 181,597	$ 178,680	$ 176,859	$ 168,330	$ 180,284	$ 191,511	$ 107,793	$ 175,546	
Contributions - employee	-	-	-	-	-	-	-	-	-	
Net investment income	(644,672)	778,403	287,300	87,326	278,294	377,182	258,173	(109,550)	224,327	
Benefit payments, including refunds of employee contributions	(214,808)	(230,694)	(249,317)	(249,066)	(245,479)	(237,333)	(232,163)	(129,446)	(212,487)	
Administrative expense	(15,296)	(17,630)	(15,208)	(15,013)	(16,135)	(17,372)	(12,497)	(9,160)	(12,350)	
Other	-	-	-	-	-	-	-	-	-	
Net change in fiduciary net position	(658,151)	711,676	201,455	106	185,010	302,761	205,024	(140,363)	175,036	-
Plan fiduciary net position - beginning	3,937,591	3,225,915	3,024,460	3,024,354	2,839,344	2,536,583	2,331,559	2,471,922	2,296,886	
Plan fiduciary net position - ending (b)	$ 3,279,440	$ 3,937,591	$ 3,225,915	$ 3,024,460	$ 3,024,354	$ 2,839,344	$ 2,536,583	$ 2,331,559	$ 2,471,922	$ -
Net pension liability - ending: (a)-(b)	$ 798,238	$ 666,281	$ 1,163,577	$ 1,229,486	$ 979,340	$ 1,061,745	$ 1,140,364	$ 1,329,885	$ 1,134,515	$ -
Plan's fiduciary net position as a percentage of the total pension liability	80.42%	85.53%	73.49%	71.10%	75.54%	72.78%	68.99%	63.68%	68.54%	
Covered-employee payroll	$ 1,441,070	$ 1,590,234	$ 1,456,361	$ 1,477,319	$ 1,514,194	$ 1,535,118	$ 1,497,152	$ 1,734,016	$ 1,753,409	
Net pension liability as a percentage of covered-employee payroll	55.39%	41.90%	79.90%	83.22%	64.68%	69.16%	76.17%	76.69%	64.70%	

Refer to Notes To Required Supplementary Information

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF CONTRIBUTIONS

	Fiscal Year End									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	*	$ 198,515	$ 197,915	$ 172,968	$ 178,156	$ 165,055	$ 185,360	$ 192,688	$ 185,360	
Contributions in relation to the actuarially determined contribution	*	$ 198,515	$ 197,915	$ 172,968	$ 178,156	$ 165,055	$ 185,360	$ 192,688	$ 185,360	
Contribution deficiency (excess)	*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Covered-employee payroll	*	$ 1,590,234	$ 1,456,361	$ 1,477,319	$ 1,514,194	$ 1,535,118	$ 1,497,152	$ 1,734,016	$ 1,535,118	
Contributions as a percentage of covered-employee payroll	*	12.48%	13.59%	11.71%	11.77%	10.75%	12.38%	11.11%	12.07%	

* 2021 information will be determined after fiscal year end and will be included in the 2022 valuation report.

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Over (Under)
REVENUES				
Taxes	$ 3,044,850	$ 3,044,850	$ 2,792,644	$ (252,206)
Charges for services	505,970	505,970	508,677	2,707
Licenses and permits	81,500	81,500	60,232	(21,268)
Intergovernmental	-	-	121,033	121,033
Fines and forfeitures	250,000	250,000	101,563	(148,437)
Interest income	17,500	17,500	20,193	2,693
Other income	19,450	19,450	53,260	33,810
Total revenues	3,919,270	3,919,270	3,657,602	(261,668)
EXPENDITURES				
Current:				
General government:				
Legislative	55,010	38,010	36,958	(1,052)
Executive	284,322	329,322	328,280	(1,042)
Elections	750	750	104	(646)
General administration	320,752	323,752	322,856	(896)
Judicial	45,714	42,714	42,656	(58)
	706,548	734,548	730,854	(3,694)
Public safety:				
Public safety facility	74,203	74,203	73,085	(1,118)
Police	1,085,326	1,052,326	1,030,666	(21,660)
Fire	493,641	493,641	478,234	(15,407)
Other protection	6,800	11,800	11,252	(548)
	1,659,970	1,631,970	1,593,237	(38,733)
Public works:				
Public works administration	130,081	56,081	30,277	(25,804)
Highways and streets	449,857	449,857	350,599	(99,258)
Solid waste and recycling	639,639	702,639	700,738	(1,901)
Maintenance and shop	3,500	3,500	3,418	(82)
Cemetery	30,000	30,000	26,100	(3,900)
	1,253,077	1,242,077	1,111,132	(130,945)

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Over (Under)
Health and welfare:				
Health	1,618	1,618	888	(730)
	1,618	1,618	888	(730)
Culture and recreation:				
Recreation	61,685	61,685	45,120	(16,565)
Library	9,800	9,800	9,800	-
	71,485	71,485	54,920	(16,565)
Housing and development:				
Planning and zoning	5,500	5,500	837	(4,663)
Code enforcement	83,751	83,751	67,918	(15,833)
Economic development and assistance	35,597	35,597	5,700	(29,897)
	124,848	124,848	74,455	(50,393)
Debt service:				
Principal	66,028	66,028	66,028	-
Interest	35,696	35,696	35,696	-
	101,724	101,724	101,724	-
Capital outlay:				
Public works	-	11,000	10,300	(700)
	-	11,000	10,300	(700)
Total expenditures	3,919,270	3,919,270	3,677,510	(241,760)
Excess of revenues over expenditures	-	-	(19,908)	(19,908)
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	-	-	(265,478)	(265,478)
Total other financing sources (uses)	-	-	(265,478)	(265,478)
Net change in fund balances	$ -	$ -	(285,386)	$ (285,386)
Fund balances, beginning			5,068,020	
Fund balances, ending			$ 4,782,634	

See Independent Auditor's Report.

PENSION

1. Changes of Assumptions

There have been no changes in methods or assumptions since the last valuation.

2. Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rate was determined as of January 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2024.

Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial assumptions:	
Net investment rate of return	7.375%
Projected salary increases	2.25% plus service based merit increases
Cost of living adjustments	0.00%
Inflation rate	2.25%

BUDGET

1. Budgetary Policy

The budget is prepared by City management using generally accepted accounting principles. The budget is then adopted by ordinance of the City Council, as required by generally accepted accounting principles.

The level of budgetary control (the level at which expenditures may not exceed appropriations) is at the department level with the following provisions:

- The City Administrator may transfer funds from one object or purpose to another within the same department.
- The City council may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

CITY OF MCRAE-HELENA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue			Capital Projects		Total
	CDBG Revolving Loan Fund	TSPLOST 25% Discretionary	Hotel Motel Tax Fund	Grant Fund	Transportation SPLOST	Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	$ 162,417	$ 853,727	$ -	$ 206,760	$ 84,288	$ 1,307,192
Other receivables	-	9,856	-	-	-	9,856
Due from other funds	-	2,350	-	-	-	2,350
Total assets	$ 162,417	$ 865,933	$ -	$ 206,760	$ 84,288	$ 1,319,398
LIABILITIES	$ -	$ -	$ -	$ -	$ -	$ -
FUND BALANCES						
Restricted:						
Capital projects	-	865,933	-	206,760	84,288	1,156,981
Redevelopment	162,417	-	-	-	-	162,417
Total fund balances	162,417	865,933	-	206,760	84,288	1,319,398
Total liabilities and fund balances	$ 162,417	$ 865,933	$ -	$ 206,760	$ 84,288	$ 1,319,398

CITY OF MCRAE-HELENA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue			Capital Projects		Total
	CDBG Revolving Loan Fund	TSPLOST 25% Discretionary	Hotel Motel Tax Fund	Grant Fund	Transportation SPLOST	Nonmajor Governmental Funds
REVENUES						
Intergovernmental	$ -	$ 296,520	$ -	-	$ -	$ 296,520
Taxes	-	-	30,453	-	-	30,453
Interest income	326	1,431	-	-	-	1,757
Other income	-	-	-	4,000	-	4,000
Total revenues	326	297,951	30,453	4,000	-	332,730
EXPENDITURES						
Current:						
General government	-	-	15,832	5,614	-	21,446
Housing and development	-	-	14,621	-	-	14,621
Capital outlay -						
Public works	-	34,516	-	175,880	-	210,396
Total expenditures	-	34,516	30,453	181,494	-	246,463
Excess of revenues over expenditures	326	263,435	-	(177,494)	-	86,267
OTHER FINANCING SOURCES (USES)						
Transfer in (out)	-	-	-	265,478	-	265,478
Total other financing sources (uses)	-	-	-	265,478	-	265,478
Net change in fund balances	326	263,435	-	87,984	-	351,745
Fund balances - beginning	162,091	602,498	-	118,776	84,288	967,653
Fund balances - ending	$ 162,417	$ 865,933	$ -	$ 206,760	$ 84,288	$ 1,319,398

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2023

Project Description Per SPLOST Referendum	Original Estimated Cost	Amended Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2009 SPLOST:						
City of McRae, Georgia						
Streets	$ 303,200	$ 239,824	$ 239,824	$ -	$ 239,824	100.00%
Downtown revitalization	303,200	244,934	244,934	-	244,934	100.00%
Water and sewer	303,200	350,392	350,392	-	350,392	100.00%
	$ 909,600	$ 835,150	$ 835,150	$ -	$ 835,150	
City of Helena, Georgia						
Streets			$ 323,315	$ -	$ 323,315	
Water and sewer			437,133	-	437,133	
	$ 782,400	$ 761,180	$ 760,448	$ -	$ 760,448	99.90%
2014 SPLOST:						
City of McRae, Georgia						
Water and sewer	$ 463,868	$ 398,068	$ -	$ 96,945	$ 96,945	24.35%
Roads, streets and bridges	309,244	309,244	189,395	3,592	192,987	62.41%
Downtown revitalization	309,244	243,444	-	74,314	74,314	30.53%
City buildings	309,244	309,244	200,433	-	200,433	64.81%
	$ 1,391,600	$ 1,260,000	$ 389,828	$ 174,851	$ 564,679	

See Independent Auditor's Report.

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2023

Project Description Per SPLOST Referendum	Original Estimated Cost	Amended Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
City of Helena, Georgia						
Construction and furnishing new City Hall; Acquisition of law enforcement vehicles	$ 400,000	$ 400,000	$ 345,763	$ 1,725	$ 347,488	86.87%
Improvements; Acquisition of roads and street equipment and buildings	100,000	103,028	103,028	-	103,028	100.00%
Water/sewer improvements; Vehicles, equipment and buildings for public works	198,800	195,772	-	1,807	1,807	0.92%
	$ 698,800	$ 698,800	$ 448,791	$ 3,532	$ 452,323	
2019 SPLOST:						
City of McRae Helena, Georgia						
General Obligation Bond, New City Hall	$ 1,500,000	$ 1,500,000	$ -	$ -	$ -	0.00%
Pı equipment	600,000	600,000	-	520,151	520,151	86.69%
Road repairs and equipment	300,000	300,000	206,373	-	206,373	68.79%
Water & sewer repairs and equipment	300,000	300,000	86,638	-	86,638	28.88%
Renovations and improvements of downtown	300,000	300,000	2,000	-	2,000	0.67%
	$ 3,000,000	$ 3,000,000	$ 295,011	$ 520,151	$ 815,162	

See Independent Auditor's Report.

CITY OF MCRAE-HELENA, GEORGIA
CDBG CAPITAL PROJECTS FUND
PROJECT COST SCHEDULE
SOURCE AND APPLICATION OF FUNDS SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023

PROJECT COST SCHEDULE

Program Activity	Activity No.	Latest Approved Budget CDBG Funds	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Variance
Grant No. 22p-x-134-2-6297						
Water lines	P-03J-01	$ 1,000,000	$ -	$ -	$ -	$ 1,000,000
		$ 1,000,000	$ -	$ -	$ -	$ 1,000,000

SOURCE AND APPLICATION OF FUNDS SCHEDULE

Total fiscal year 2022 CDBG funds awarded to recipient:	$ 1,000,000
Total amount drawndown by recipient from DCA (cumulative):	$ -
Less: CDBG funds expended by recipient (cumulative):	-
Amount of fiscal year 2022 CDBG funds held by recipient at year end:	$ -

See Independent Auditor's Report.

II. REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

Milton CPA Services, LLC
49 West Oak Street
McRae Helena, GA
31055

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, City Council and Management
City of McRae-Helena, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of McRae-Helena, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of McRae-Helena, Georgia's basic financial statements, and have issued our report thereon dated February 12, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-1that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of McRae-Helena, Georgia's Response to Findings

City of McRae-Helena, Georgia's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of McRae-Helena, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Milton CPA Services, LLC

McRae-Helena, Georgia

February 12, 2024

CITY OF MCRAE-HELENA, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditor's Results

Financial Statements:

Type of report issued on the financial statements -	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	No

Section II – Significant Deficiencies and Findings Relating to the Financial Statements:

2023-1 Lack of segregation of duties

Criteria:
Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel.

Condition:
The City is a small local government and has a limited amount of resources and employees. Therefore, the City does not have an adequate number of employees to provide for the proper segregation of duties.

Cause of Condition:
Since the City is a small local government, it is not financially feasible for the City to hire additional employees to provide for an adequate segregation of duties.

Effect of Condition:
The City's internal control structure does not contain adequate safeguarding controls provided by segregation of duties that would provide for the prevention or timely detection of unauthorized transactions and unauthorized access to assets that could result in losses that are material to the financial statements.

Response of Management:
Management concurs with the finding and is continually working to improve controls to mitigate the risks associated with this condition. We realize that with limited personnel adequate segregation of duties is not possible. Therefore, to mitigate this we exercise alert supervision over all employees.

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