

City of Adairsville, Georgia

Annual Financial Report

for the

Fiscal Year Ended December 31, 2022

By Authority of

The Mayor and City Council

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CITY OF ADAIRSVILLE, GEORGIA
Annual Financial Report
Year Ended December 31, 2022

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FINANCIAL SECTION

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LLOYD WILLIAMSON
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Council
City of Adairsville
Adairsville, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Adairsville, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Adairsville, Georgia, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity 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 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 of Adairsville, Georgia 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.

Emphasis of Matter

In 2022, the City adopted new accounting guidance, *GASB Statement No. 87, Leases* . Our opinion is not modified with respect to this matter.

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 of Adairsville, Georgia'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.

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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. Our responsibility is to express opinions on these financial statements based on our audit. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. 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 Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Liability and Related Ratios on page 38 and the Schedule of Contributions – Pension Plan on page 39 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 of Adairsville, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the Schedule of Special Purpose Local Option Sales Tax Expenditures 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 were derived from and relate 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 the Schedule of Special Purpose Local Option Sales Tax Expenditures 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 June 7, 2023, on our consideration of the City of Adairsville, Georgia'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 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 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 City of Adairsville, Georgia's internal control over financial reporting and compliance.

Williamson and Company
Certified Public Accountants
June 7, 2023

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BASIC FINANCIAL STATEMENTS

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CITY OF ADAIRSVILLE, GEORGIA
Statement of Net Position
For the Year Ended December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Adairsville Development Authority
Assets				
Cash	$ 7,218,972	$ 3,381,757	$ 10,600,729	$ 82,733
Receivables - Net	694,532	1,150,453	1,844,985	-
Prepaid Items	96,009	62,282	158,291	-
Inventory	-	179,286	179,286	-
Due from Other Governments	444,536	-	444,536	-
Capital Assets				
Land and Construction in Progress	1,225,018	22,505	1,247,523	112,565
Other Capital Assets-Net	10,218,478	30,457,382	40,675,860	208,629
Total Assets	19,897,545	35,253,665	55,151,210	403,927
Deferred Outflows of Resources				
Pension Contributions	189,806	118,275	308,081	-
Total Deferred Outflows of Resources	189,806	118,275	308,081	-
Total Assets and Deferred Outflows of Resources	20,087,351	35,371,940	55,459,291	403,927
Liabilities				
Accounts Payable	437,148	930,136	1,367,284	-
Salaries & Wages Payable	100,404	30,271	130,675	-
Customer Deposits	-	561,952	561,952	425
Unearned Revenue	1,853,167	-	1,853,167	-
Interest Payable	-	33,046	33,046	-
Net Pension Liability	533,281	332,305	865,586	-
Noncurrent Liabilities				
Due Within One Year	68,638	531,860	600,498	-
Due In More Than One Year	32,789	13,648,610	13,681,399	-
Total Liabilities	3,025,427	16,068,180	19,093,607	425
Deferred Inflows of Resources				
Pension Plan Changes	317,215	197,666	514,881	-
Total Deferred Inflows of Resources	317,215	197,666	514,881	-
Net Position				
Net Investment in Capital Assets	11,443,496	16,367,769	27,811,265	321,194
Restricted For				
Capital Projects	1,467,346	-	1,467,346	-
Tourism	48,303	-	48,303	-
Law Enforcement Activities	21,108	-	21,108	-
Unrestricted	3,764,456	2,738,325	6,502,781	82,308
Total Net Position	$ 16,744,709	$ 19,106,094	$ 35,850,803	$ 403,502

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Mayor and Council	$ 111,767	$ -	$ -	$ -
Administration	898,256	710,858	298	-
Police	1,800,654	63,663	25,478	55,024
Court Services	184,725	228,159	-	-
Contracted Public Safety Services	411,430	255,766	-	-
Streets and Roads	874,692	-	67,101	491,033
Culture and Recreation	252,806	76,118	375	410,478
Community Development	803,864	466,944	-	-
Water and Sewer	21,830	-	-	330,143
Total Governmental Activities	5,360,023	1,801,508	93,252	1,286,678
Business-type Activities:				
Gas	8,351,306	8,212,587	-	-
Water/Sewer	3,820,517	3,868,843	-	-
Total Business-type Activities	12,171,823	12,081,430	-	-
Total Primary Government	$ 17,531,846	$ 13,882,938	$ 93,252	$ 1,286,678
Component Unit:				
Adairsville Development Authority	$ 12,867	$ 14,720	$ 9,400	$ -
Total Component Unit	$ 12,867	$ 14,720	$ 9,400	$ -

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Adairsville Development Authority
Primary Government:				
Governmental Activities:				
Mayor and Council	$ (111,767)		$ (111,767)	
Administration	(187,100)		(187,100)	
Police	(1,656,489)		(1,656,489)	
Court Services	43,434		43,434	
Contracted Public Safety Services	(155,664)		(155,664)	
Streets and Roads	(316,558)		(316,558)	
Culture and Recreation	234,165		234,165	
Community Development	(336,920)		(336,920)	
Water and Sewer	308,313		308,313	
Total Governmental Activities	(2,178,585)		(2,178,585)	
Business-type Activities:				
Gas		$ (138,719)	(138,719)	
Water/Sewer		48,326	48,326	
Total Business-type Activities		(90,393)	(90,393)	
Total Primary Government			(2,268,978)	
Component Unit:				
Adairsville Development Authority				$ 11,253
Total Component Unit				11,253
General Revenues:				
Taxes:				
Property	665,212	-	665,212	-
Sales	1,540,900	-	1,540,900	-
Motor Vehicle	185,221	-	185,221	-
Hotel/Motel	366,339	-	366,339	-
Insurance Premium	407,993	-	407,993	-
Malt & Mixed Beverage	126,731	-	126,731	-
Franchise	548,954	-	548,954	-
Occupational	9,374	-	9,374	-
Intangible	24,904	-	24,904	-
Excise	124,113	-	124,113	-
Transfer	13,500	-	13,500	-
Miscellaneous	65,249	42,910	108,159	-
Investment Earnings	24,985	17,890	42,875	267
Gas Rebates	-	86,737	86,737	-
Gain on Asset Disposal	345,655	-	345,655	-
Total General Revenues and Transfers	4,449,130	147,537	4,596,667	267
Change in Net Position	2,270,545	57,144	2,327,689	11,520
Net Position - Beginning	14,474,164	19,048,950	33,523,114	391,982
Net Position - Ending	$ 16,744,709	$ 19,106,094	$ 35,850,803	$ 403,502

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	American Rescue Plan	Capital Projects SPLOST 2020	Nonmajor Special Revenue Funds	Total Governmental Funds
Assets					
Cash	$ 3,795,668	$ 1,853,167	$ 1,490,684	$ 79,453	$ 7,218,972
Receivables, Net					
Accounts	36,011	-	-	-	36,011
Taxes	564,836	-	-	23,685	588,521
Loan	70,000	-	-	-	70,000
Prepaid Items	96,009	-	-	-	96,009
Due From Other Governments	186,181	-	258,355	-	444,536
Due From Other Funds	8,882	-	-	-	8,882
Total Assets	$ 4,757,587	$ 1,853,167	$ 1,749,039	$ 103,138	$ 8,462,931
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable	$ 130,610	$ -	$ 281,693	$ 24,845	$ 437,148
Due to Other Funds	-	-	-	8,882	8,882
Unearned Grant Revenue	-	1,853,167	-	-	1,853,167
Accrued Wages Payable and Withholdings	100,404	-	-	-	100,404
Total Liabilities	231,014	1,853,167	281,693	33,727	2,399,601
Deferred Inflows of Resources:					
Unearned Tax Revenue	14,725	-	-	-	14,725
Total Deferred Inflows of Resources	14,725	-	-	-	14,725
Fund Balance:					
Nonspendable:					
Prepaid Items	96,009	-	-	-	96,009
Loans Receivable	70,000	-	-	-	70,000
Restricted For:					
Law Enforcement Activities	-	-	-	21,108	21,108
Construction	-	-	1,467,346	-	1,467,346
Tourism Promotion	-	-	-	48,303	48,303
Unassigned	4,345,839	-	-	-	4,345,839
Total Fund Balances	4,511,848	-	1,467,346	69,411	6,048,605
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,757,587	$ 1,853,167	$ 1,749,039	$ 103,138	$ 8,462,931

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2022

Fund Balances - Total Governmental Funds		$ 6,048,605
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		
Governmental Capital Assets	17,010,733	
Less Accumulated Depreciation	(5,567,237)	11,443,496
Unearned tax revenue in the general fund represents property tax billed but uncollected and is eliminated in the Statement of Net Position.		14,725
A portion of pension plan contributions and changes in value are for future use and are considered deferred outflows of resources.		189,806
Differences between expected and actual returns on pension plan investments are not recognized at the fund level, yet presented as a deferred inflow of resources on the Statement of Net Position.		(317,215)
Long-term liabilites are not due and payable in the current perod and therefore are not reported in the governmental funds.		
Compensated Absences	(101,427)	
Net Pension Liability	(533,281)	(634,708)
Net Position of Governmental Activities		$ 16,744,709

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	American Rescue Plan	Capital Projects SPLOST 2020	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 3,643,318	$ -	$ -	$ 366,339	$ 4,009,657
Licenses and Permits	523,052	-	-	-	523,052
Intergovernmental	85,698	198	1,285,428	-	1,371,324
Fines and Forfeitures	375,159	-	-	9,818	384,977
Charges for Services	854,174	-	-	-	854,174
Miscellaneous Income	112,099	-	-	-	112,099
Interest Income	24,985	-	1,250	9	26,244
Total Revenues	5,618,485	198	1,286,678	376,166	7,281,527
Expenditures					
Current Operating:					
Mayor and Council	112,442	-	-	-	112,442
Administration	760,192	-	-	-	760,192
Police	1,850,287	-	15,161	4	1,865,452
Court Service	186,084	-	-	-	186,084
Contracted Public Safety Services	411,430	-	-	-	411,430
Streets and Roads	824,496	-	70	-	824,566
Culture and Recreation	172,770	-	-	-	172,770
Water and Sewer	-	198	21,830	-	22,028
Community Development	704,343	-	-	205,963	910,306
Capital Outlay:					
Police	-	-	125,163	-	125,163
Streets and Roads	-	-	807,487	-	807,487
Total Expenditures	5,022,044	198	969,711	205,967	6,197,920
Excess of Revenues Over Expenditures	596,441	-	316,967	170,199	1,083,607
Other Financing Sources (Uses)					
Insurance Proceeds	37,550	-	-	-	37,550
Transfers - Out	-	-	-	(137,377)	(137,377)
Transfers - In	137,377	-	-	-	137,377
Total Other Financing Sources (Uses)	174,927	-	-	(137,377)	37,550
Net Change in Fund Balances	771,368	-	316,967	32,822	1,121,157
Fund Balance - Beginning of Year	3,740,480	-	1,150,379	36,589	4,927,448
Fund Balance - End of Year	$ 4,511,848	$ -	$ 1,467,346	$ 69,411	$ 6,048,605

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities for the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds		$ 1,121,157
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for Capital Assets	1,296,295	
Less Current Year Depreciation	(518,836)	777,459
Proceeds from the disposal of capital assets are reported at the fund level while gains and losses on capital asset disposals are reported on the Statement of Activities		
Insurance Proceeds	(37,550)	
Gain on Asset Disposals	345,655	308,105
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Unavailable Deferred Property Tax Revenue		3,584
Governmental funds report monthly pension plan premiums as current period expenditures while governmental activities record a portion of those payments as deferred outflow of resources.		(59,715)
Changes in the net pension liability are not reflected in the governmental funds, however they are accounted for in the governmental activities.		56,162
Changes in the deferred inflows of resources associated with the pension plan are not reflected in the Governmental Funds, but are presented in the governmental activities.		80,024
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.		
Net Change in Long-term Compensated Absences		(16,232)
Change in Net Position of Governmental Activities		$ 2,270,544

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 2,996,500	$ 3,646,500	$ 3,643,318	$ (3,182)
Licenses and Permits	124,000	524,000	523,052	(948)
Intergovernmental	100,000	85,000	85,698	698
Fines and Forfeitures	265,000	375,000	375,159	159
Charges for Services	744,000	854,000	854,174	174
Miscellaneous Income	-	110,000	112,099	2,099
Interest Income	24,500	24,500	24,985	485
Total Revenues	4,254,000	5,619,000	5,618,485	(515)
Expenditures				
Current:				
Mayor and Council	110,800	112,500	112,442	58
Administration	761,100	761,100	760,192	908
Police	1,866,200	1,881,200	1,850,287	30,913
Court Services	172,800	186,800	186,084	716
Contracted Public Safety Services	392,500	411,500	411,430	70
Streets and Roads	815,900	824,900	824,496	404
Culture and Recreation	150,200	173,200	172,770	430
Community Development	369,800	705,100	704,343	757
Total Expenditures	4,639,300	5,056,300	5,022,044	34,256
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(385,300)	562,700	596,441	33,741
Other Financing Sources (Uses)				
Insurance Proceeds	-	37,000	37,550	550
Fund Balance Reserves	272,800	-	-	-
Transfers - In	112,500	137,500	137,377	(123)
Total Other Financing Sources (Uses)	385,300	174,500	174,927	427
Net Change in Fund Balance	-	737,200	771,368	34,168
Fund Balance - Beginning of Year	3,740,480	3,740,480	3,740,480	-
Fund Balance - End of Year	$ 3,740,480	$ 4,477,680	$ 4,511,848	$ 34,168

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA

Statement of Revenues, Expenditures, and Change in Fund Balance
American Rescue Plan Special Revenue Fund - Budget and Actual
For the Year Ended December 31, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 926,683	$ 200	$ 198	$ (2)
Total Revenues	926,683	200	198	(2)
Expenditures				
Current:				
Water and Sewer	-	200	198	2
Total Expenditures	-	200	198	2
Excess of Revenues Over Expenditures	926,683	-	-	-
Net Change in Fund Balance	$ 926,683	$ -	-	$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			$ -	

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2022

	Gas	Water & Sewer	Total
Assets			
Current Assets:			
Cash	$ 1,390,546	$ 1,991,211	$ 3,381,757
Accounts Receivable - Net	733,683	416,770	1,150,453
Prepaid Items	14,454	47,828	62,282
Inventory	74,901	104,385	179,286
Total Current Assets	2,213,584	2,560,194	4,773,778
Noncurrent Assets:			
Capital Assets:			
Land and Easements	3,500	16,852	20,352
Construction in Progress	-	2,153	2,153
Equipment	1,132,350	2,332,931	3,465,281
Buildings and Structures	245,889	205,729	451,618
Distribution and Collection Systems	3,574,650	37,852,469	41,427,119
Less Accumulated Depreciation	(2,587,808)	(12,298,829)	(14,886,637)
Total Non-Current Assets	2,368,581	28,111,305	30,479,886
Total Assets	4,582,165	30,671,499	35,253,664
Deferred Outflows of Resources			
Pension Contributions	39,974	78,301	118,275
Total Deferred Outflows of Resources	39,974	78,301	118,275
Total Assets and Deferred Outflows of Resources	$ 4,622,139	$ 30,749,800	$ 35,371,939
Liabilities			
Current Liabilities:			
Accounts Payable	$ 723,954	$ 206,181	$ 930,135
Salaries and Wages Payable	8,688	21,583	30,271
Customer Deposits	219,256	342,696	561,952
Interest Payable	-	33,046	33,046
Compensated Absences	15,003	39,516	54,519
Notes Payable	-	477,341	477,341
Total Current Liabilities	966,901	1,120,363	2,087,264
Noncurrent Liabilities:			
Compensated Absences	-	13,833	13,833
Net Pension Liability	112,310	219,995	332,305
Notes Payable	-	13,634,777	13,634,777
Total Noncurrent Liabilities	112,310	13,868,605	13,980,915
Total Liabilities	1,079,211	14,988,968	16,068,179
Deferred Inflows of Resources			
Pension Contributions	66,806	130,860	197,666
Total Deferred Inflows of Resources	66,806	130,860	197,666
Net Position			
Net Investment in Capital Assets	2,368,581	13,999,187	16,367,768
Unrestricted	1,107,541	1,630,785	2,738,326
Total Net Position	$ 3,476,122	$ 15,629,972	$ 19,106,094

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Gas	Water & Sewer	Total
Operating Revenues			
Charges for Services	$ 8,148,033	$ 3,268,960	$ 11,416,993
Fees	64,554	599,883	664,437
Other Revenues	2,820	40,090	42,910
Total Operating Revenues	8,215,407	3,908,933	12,124,340
Operating Expenses			
Salaries, Wages and Employee Benefits	578,360	1,220,442	1,798,802
Cost of Gas for Resale	7,059,638	-	7,059,638
Services and Supplies	363,092	1,258,912	1,622,004
Insurance Expense	19,697	81,744	101,441
Administrative Expense	200,000	200,000	400,000
Depreciation Expense	130,519	688,193	818,712
Total Operating Expenses	8,351,306	3,449,291	11,800,597
Operating Income/(Loss)	(135,899)	459,642	323,743
Nonoperating Revenues (Expenses)			
Interest Revenue	5,523	12,367	17,890
Interest Expense	-	(371,226)	(371,226)
Gas Rebates	86,737	-	86,737
Total Nonoperating Revenues (Expenses)	92,260	(358,859)	(266,599)
Income Before Transfers and Contributions	(43,639)	100,783	57,144
Transfers In	-	521,852	521,852
Transfers Out	(521,852)	-	(521,852)
Change in Net Position	(565,491)	622,635	57,144
Net Position - Beginning	4,041,613	15,007,337	19,048,950
Net Position - Ending	$ 3,476,122	$ 15,629,972	$ 19,106,094

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Gas	Water & Sewer	Total
Cash Flows From Operations			
Receipts from Customers and Users	$ 8,023,593	$ 3,871,226	$ 11,894,819
Payments to Suppliers	(7,381,651)	(1,437,372)	(8,819,023)
Payments to/for Employees	(573,920)	(1,241,901)	(1,815,821)
Net Cash From Operating Activities	68,022	1,191,953	1,259,975
Cash Flows from Noncapital Financing Activities			
Payments to Other Funds	-	-	-
Payments from Other Funds	-	-	-
Net Cash From Noncapital Financing Activities	-	-	-
Cash Flows from Capital and Related Financing Activities			
Principal Payments - Notes	-	(311,535)	(311,535)
Proceeds From Issuance of Note Payable	-	293,180	293,180
Acquisition and Construction of Capital Assets	(297,218)	(401,542)	(698,760)
Interest Paid	-	(372,095)	(372,095)
Net Cash From Capital and Related Financing Activities	(297,218)	(791,992)	(1,089,210)
Cash Flows from Investing Activities			
Interest Received	5,523	12,367	17,890
Net Increase in Cash	(223,673)	412,328	188,655
Cash - January 1 (Including $0 in Restricted Cash)	1,614,219	1,578,883	3,193,102
Cash - December 31 (Including $0 in Restricted Cash)	$ 1,390,546	$ 1,991,211	$ 3,381,757
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating Income	$ (135,899)	$ 459,642	$ 323,743
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	130,519	688,193	818,712
Gas Rebates	86,737	-	86,737
(Increase) Decrease in Accounts Receivable	(194,264)	(56,167)	(250,431)
(Increase) Decrease in Prepaid Items	(3,015)	(10,414)	(13,429)
(Increase) Decrease in Inventory	(6,865)	(17,646)	(24,511)
(Increase) Decrease in Deferred Outflows of Resources	6,235	27,776	34,011
Increase (Decrease) in Accounts Payable	183,919	131,344	315,263
Increase (Decrease) in Accrued Payables	172	8,201	8,373
Increase (Decrease) in Compensated Absences	1,636	11,167	12,803
Increase (Decrease) in Customer Deposits	2,450	18,460	20,910
Increase (Decrease) in Net Pension Liability	3,154	(30,589)	(27,435)
Increase (Decrease) in Deferred Inflows of Resources	(6,757)	(38,014)	(44,771)
Net Cash Provided by (Used in) Operating Activities	$ 68,022	$ 1,191,953	$ 1,259,975
Noncash Capital and Related Financing Activities			
Transfers of Utility System Improvements	$ (521,853)	$ 521,853	$ -
Acquisition of Capital Assets	-	(22,442)	(22,442)
Accounts Payable	-	22,442	22,442
Net Noncash Activities	$ (521,853)	$ 521,853	$ -

The accompanying notes are an integral part of this financial statement.

Note 1. Summary of Significant Accounting Policies

The City of Adairsville was incorporated in February 1854. The City operates under an elected Mayor and Council. The City provides the following services: Public Works (Streets), Public Utilities (Gas and Water), Public Safety (Police), Contracted Public Services (County Agreements), Culture and Recreation (Includes Library), Community Development (Planning and Zoning), and General and Administrative Services.

A. Reporting Entity

The financial statements of the reporting entity include those of the City (the primary government) and its component units. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, certain potential component units are considered for inclusion in the reporting entity because of the significance of their operational or financial relationships with the City. The discretely presented component unit described below is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government:

Adairsville Development Authority - The Development Authority was created in 1986 for the purpose of improving the local economic base by promoting industrial and commercial development in the City of Adairsville. The Development Authority's board consists of 5 members appointed by the Mayor and City Council members. The Authority has a December 31 year-end and is presented as a governmental activity type. The Authority does not issue separate financial statements.

Related Organization

The Etowah Area Consolidated Housing Authority is a related organization that has not been included in the reporting entity. The Etowah Area Consolidated Housing Authority was formed when the Adairsville Housing Authority and the Cartersville Housing Authority were consolidated on April 1, 1998. The Authority provides low-income housing to eligible families in the Cities of Adairsville and Cartersville. The Authority's Board consists of five members, two appointed by the Adairsville City Council and three that are appointed by the Cartersville City Council. The City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type. Fiduciary funds (if any) are not included in the government-wide 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 and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, permits and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

In the government-wide Statement of Net Position, governmental and business-type activities are presented on a consolidated basis and reflect full accrual, economic resources basis, which includes long-term assets and receivables as well as long-term debt and obligations.

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

Fund financial statements emphasize major funds in either the governmental or business-type category. Non-major governmental funds (if any) are reported as a separate column in the fund financial statements.

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The financial transactions of the City are recorded in individual funds which provide a separate set of self-balancing accounts that is comprised of assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues, and expenditures.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 judgements, are recorded only when payment is due.

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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, nonexchange transactions are recognized in accordance with GASB Statement 33.

The General Fund, the 2020 SPLOST Capital Projects Fund, and the American Rescue Plan Fund are the major governmental funds that the City reports. The City has elected to present two nonmajor special revenue funds – Confiscated Assets and Hotel/Motel Tax as nonmajor funds.

The General Fund is the primary fund of the City and accounts for all financial resources of the general government except those required to be reported in the other funds.

The 2020 SPLOST Capital Projects Funds account for the collection and use of the 1% SPLOST collections.

The American Rescue Plan Fund accounts for the receipt and use of the City's portion of federal funds related to the American Rescue Plan passed by Congress on March 10, 2021.

The Confiscated Assets Fund accounts for cash received from confiscation or sale of assets acquired through confiscation.

The Hotel/Motel Tax Fund accounts for the collections and expenditures of the City's hotel/motel taxes.

The City reports the following major proprietary funds:

> The Water and Sewer Fund accounts for those operations of the City which involve water distribution, sewage pumping stations and collection systems, and the sewage treatment plant. A fee is charged to external users for goods or services and the activity is intended to be self-supporting.
>
> The Gas Fund accounts for those operations of the City which involve natural gas distribution, including gas line and meter maintenance and additions. A fee is charged to external users for goods or services and this activity is also intended to be self-supporting.

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 gas and water/sewer enterprise funds are charges to customers for sales and services. Both funds also recognize 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and unrestricted as needed.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets were adopted for the General Fund and the Confiscated Assets, Hotel/Motel Tax, and American Rescue Plan special revenue funds. Annual appropriations lapse at fiscal year end.

The 2020 SPLOST Capital Projects Fund has a project length budget that was adopted when voters approved the SPLOST referendum and is based on anticipated collections over the life of the referendum.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, Net Position or Fund Balances

1. **Cash and Investments.** Cash includes amounts in demand and time deposits that must be by law insured or collateralized, and investments, if any, are limited by law and bond ordinances, to federal and state securities and stated at fair value.

2. **Receivables.** All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise funds are recognized at the end of the year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

3. **Internal Balances.** During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered, or interfund loans. The balances which represent receivables and payables between governmental and business-type activities are reported as internal balances. As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges between the general fund and the gas and water/sewer funds.

   Elimination of these charges would distort the direct costs and revenues reported for the two funds. In the government-wide financial statements these balances are reported as internal balances.

4. **Restricted Cash.** Demand and time deposits set-aside for certain payments are classified as restricted on the Balance Sheet and the Statement of Net Position because their use is limited by funding sources, debt covenants, or legal regulations. The SPLOST cash is used to report proceeds restricted for voter approved capital expenditures. The confiscated asset cash is restricted for use by the City's police department. The Hotel/Motel cash is restricted for tourism promotion within the City. The American Rescue Plan cash is restricted for expenses approved under federal legislation.

5. **Inventories and Prepaid Items.** The Water and Sewer Fund and Gas Fund inventories, if applicable, are valued at lower of cost or market using the first-in, first-out method. Prepaid items represent the amount paid in advance for insurance.

6. **Capital Assets.** Capital assets that cost more than $5,000 with an estimated useful life of more than one year are capitalized and depreciated. Capital assets, including property, plant, vehicles, equipment and infrastructure (streets, bridges, curbs, sidewalks, drainage and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide statements. All capital assets are carried at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date of acquisition. Depreciation is computed on the straight-line basis over the estimated useful life of the asset.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

   Interest is capitalized on proprietary fund assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

General infrastructure assets acquired prior to July 1, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003.

7. **Compensated Absences.** Vested or accumulated vacation leave is recorded as an expense and a liability when incurred in the proprietary fund financial statements and as a liability in the governmental funds only in the government-wide financial statements. For the governmental activities, compensated absences are generally liquidated by the General Fund. The City's current policy allows employees to carryover a maximum of 240 hours of unused vacation.

8. **Long-term Debt, Bond Discounts/Premiums, and Issuance Costs.** Outstanding debt and other obligations are reported as a liability in the government-wide and proprietary financial statements. In the Entity-wide statements, bond premiums and discounts, as well as the gain or loss on bond refundings are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued. Bonds payable are reported net of the applicable bond premium or discount and the gain or loss on the bond refunding.

   In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the fiscal period the bonds are issued. 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.

9. **Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) and additions to/deductions from the GMEBS fiduciary net position have been determined on the same basis as they are reported to GMEBS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. **Deferred Outflows/Inflows Of Resources.** In addition to assets, the Statement of Net Position and/or the Balance Sheet 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 or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. As of December 31, 2022, the City's deferred outflows of resources were only reported in the Statement of Net Position for the governmental activities and the business-type activities. The sources of the deferred outflows are pension contributions made during the fiscal year that are to be used for future period benefits and other relative changes that affect the value of the City's pension plan and net pension liability.

    In addition to liabilities, the Statement of Net Position and/or the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net 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 item under the modified accrual basis of accounting that qualifies as a deferred inflow of resources for fiscal 2022. It is property tax revenue that is considered unavailable at year end. The deferred inflows of resources in the Statement of Net Position at the entity-wide level and the Statement of Net Position at the proprietary fund level are the result of changes in actuarial assumptions and the differences between expected and actual actuarial amounts as they relate to the City's pension plan and net pension liability.

11. **Fund Equity/Net Position.** The governmental fund financial statements report restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The unassigned portion represents an amount available for future operations.

    Unrestricted net position for proprietary funds represents the net position available for future operation. Restricted net position represents assets that have been legally identified for specific purposes.

    The City sometimes funds outlays from both restricted and unrestricted resources. 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.

Note 2. Legal Compliance - Budgets

Georgia Law requires an annual balanced budget for the general and special revenue funds and a project length budget for each capital project fund. All departments of the City submit requests for appropriation to the City Finance Director so that a budget may be prepared. The budget is prepared by fund, function (department), and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

No later than 45 days prior to the beginning of the fiscal year, the proposed budget is presented to the Mayor and Council for review. The Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Department heads may make transfers of appropriations within a department. The legal level of budgetary control is at the department level. Transfers of appropriations between departments must be approved by an affirmative vote of a majority of the Council, except for emergencies as defined by the charter and unanimously voted by Council. The 2022 General Fund, Hotel/Motel Tax Fund, American Rescue Plan Fund, and Confiscated Asset Fund budgets were voted upon and adopted by the City Council.

Note 3. Deposits and Investments

Primary Government: Governmental and Business-type

Cash as of December 31, 2022 is as follows:

Statement of Net Position	
Cash	$ 7,177,425
Restricted Cash	3,423,304
Total	$ 10,600,729

The City has no investments other than cash. The City does not have a formal policy that addresses custodial credit risk.

Component Unit: Adairsville Development Authority:

Cash as of December 31, 2022 is as follows:

Statement of Net Position:	
Cash	$ 82,733

The Authority does not have a formal policy that addresses custodial credit risk.

Note 4. Receivables

Receivables as of December 31, 2022 consist of the following:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Gas	Water and Sewer	Total
Receivables:						
Accounts	$ 36,011	$ -	$ -	$ 766,698	$ 546,602	$ 1,349,311
Taxes	564,836	-	23,685	-	-	588,521
Loans	70,000	-	-	-	-	70,000
Intergovernmental	186,181	258,355	-	-	-	444,536
Total	857,028	258,355	23,685	766,698	546,602	2,452,368
Less: Allowance for Uncollectibles	-	-	-	(33,015)	(129,832)	(162,847)
Net Total Receivables	$ 857,028	$ 258,355	$ 23,685	$ 733,683	$ 416,770	$ 2,289,521

Amounts recorded on the Balance Sheet and Statement of Net Position as Due From Other Governments includes $134,210 of Local Option Sales Taxes due from the State of Georgia, and $310,326 due from Bartow County for SPLOST collections, automobile taxes, and other miscellaneous taxes that are collected by Bartow County and remitted to the City on a monthly basis.

Note 5. Property Tax

Bartow County bills and collects the City's real and personal property taxes. The Bartow County Tax Assessors Office assesses property values as of January 1 each year. The City's millage rate of 2.317 mils was approved by the City Council August 11, 2022. The levy date was September 15, 2022 and taxes were due by November 15, 2022. After November, interest and penalties begin to accrue on unpaid balances and property is subject to lien.

All property tax revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period, and collected no later than 60 days after the close of the fiscal year.

Note 6. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds:

Interfund balances consist of routine transfers for payroll and related benefits that are reimbursed on a monthly basis.

As of December 31, 2022, the City's interfund balances were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Hotel/Motel Tax	$ 8,882

Transfers:

Routine transfers and payments between funds are to subsidize operations and fund capital asset acquisitions. Interfund transfers for the year ending December 31, 2022 were as follows:

Between Governmental Funds:

Source Fund	Transfer to Fund	Amount
Hotel/Motel Tax Fund	General Fund	$ 137,377

Note 7. Capital Assets

The following is a summary of the primary government capital asset activity during the fiscal year:

Governmental Activities

Capital Assets Not Being Depreciated	January 1 2022	Additions and Transfers	Deletions and Transfers	December 31 2022
Land	$ 1,225,018	$ -	$ -	$ 1,225,018
Total Capital Assets Not Being Depreciated	1,225,018	-	-	1,225,018
Capital Assets Being Depreciated				
Buildings	4,880,622	419,312	(42,773)	5,257,161
Infrastructure	7,384,986	879,430	-	8,264,416
Equipment	1,991,785	357,553	(85,200)	2,264,138
Total Capital Assets Being Depreciated	14,257,393	1,656,295	(127,973)	15,785,715
Less Accumulated Depreciation For				
Buildings	(1,812,942)	(149,385)	24,594	(1,937,733)
Infrastructure	(1,769,913)	(232,588)	-	(2,002,501)
Equipment	(1,541,625)	(136,863)	51,485	(1,627,003)
Total Accumulated Depreciation	(5,124,480)	(518,836)	76,079	(5,567,237)
Total Capital Assets Being Depreciated, Net	9,132,913	1,137,459	(51,894)	10,218,478
Governmental Activities Capital Assets, Net	$ 10,357,931	$ 1,137,459	$ (51,894)	$ 11,443,496

During the fiscal year, the City expended $814,189 on major road projects and $84,298 on a skid steer machine for $84,298.

Total governmental activities depreciation expense charged to functions/programs of the government are as follows:

Administration	$ 151,908
Court Services	262
Police	91,071
Culture and Recreation	80,036
Streets and Roads	195,559
Total Depreciation Expense	$ 518,836

Business-type Activities

Capital Assets Not Being Depreciated	January 1 2022	Additions and Transfers	Deletions and Transfers	December 31 2022
Land	$ 20,352	$ -	$ -	$ 20,352
Construction in Progress - System	11,908,456	526,341	(12,432,644)	2,153
Total Capital Assets Not Being Depreciated	11,928,808	526,341	(12,432,644)	22,505
Capital Assets Being Depreciated				
Buildings	451,618	-	-	451,618
Infrastructure	28,989,525	4,950	12,432,644	41,427,119
Equipment	3,352,793	112,488	-	3,465,281
Total Capital Assets Being Depreciated	32,793,936	117,438	12,432,644	45,344,018
Less Accumulated Depreciation For				
Buildings	(177,763)	(15,340)	-	(193,103)
Infrastructure	(11,312,433)	(560,826)	-	(11,873,259)
Equipment	(2,577,729)	(242,546)	-	(2,820,275)
Total Accumulated Depreciation	(14,067,925)	(818,712)	-	(14,886,637)
Total Capital Assets Being Depreciated, Net	18,726,011	(701,274)	12,432,644	30,457,381
Business-type Activities Capital Assets, Net	$ 30,654,819	$ (174,933)	$ -	$ 30,479,886

The City completed the multi-year waste-water treatment plant improvement project that was funded by GEFA and put it into service during the fiscal year. The total cost of the project capitalized at $11,905,090.

The primary government uses the following estimated useful lives to compute depreciation (straight-line method):

Equipment	3-10 years
Buildings	20-50 years
Utility System	20-75 years
Infrastructure	50 years

The following is a summary of component unit capital asset activity during the fiscal year:

Adairsville Development Authority

Capital Assets Not Being Depreciated	January 1 2022	Additions and Transfers	Deletions and Transfers	December 31 2022
Land	$ 112,565	$ -	$ -	$ 112,565
Total Capital Assets Not Being Depreciated	112,565	-	-	112,565
Capital Assets Being Depreciated				
Buildings	354,885	-	-	354,885
Total Capital Assets Being Depreciated	354,885	-	-	354,885
Less Accumulated Depreciation For				
Buildings	(134,990)	(11,266)	-	(146,256)
Total Accumulated Depreciation	(134,990)	(11,266)	-	(146,256)
Total Capital Assets Being Depreciated, Net	219,895	(11,266)	-	208,629
Governmental Activities Capital Assets, Net	$ 332,460	$ (11,266)	$ -	$ 321,194

Note 8. Outstanding Debt

Debt outstanding as of December 31, 2022 is composed of the following:

Primary Government

Notes Payable

	Date of Issue	Interest Rate	Date Final Payment Due	Amount Issued	Amount Outstanding
Business-type Activities:					
Water and Sewer Fund					
GEFA Note – System Additions	07-01-2022	2.70%	07-01-2052	$12,088,551	$11,978,900
GEFA Note – System Additions	08-25-2003	3.98%	10-01-2024	1,172,080	201,877
GEFA Note – System Additions	07-26-2005	4.20%	02-01-2029	811,853	348,608
GEFA Note – System Additions	02-26-2019	1.55%	03-01-2039	1,845,053	1,582,733
Total Water and Sewer Fund					$14,112,118

As of December 31, 2022, there were four GEFA notes that were closed and being amortized totaling $14,112,418.

The following schedule presents debt service requirements to maturity for the closed GEFA notes payable:

Year Ending December 31	Business-type Activities - Water Sewer		
	Principal	Interest	Total
2023	$ 477,341	$ 363,712	$ 841,053
2024	491,158	349,895	841,053
2025	462,505	335,836	798,341
2026	431,859	323,928	755,787
2027	443,470	312,317	755,787
2028-2032	2,176,981	1,394,396	3,571,377
2033-2037	2,357,450	1,121,143	3,478,593
2038-2042	2,308,133	821,579	3,129,712
2043-2047	2,428,809	512,504	2,941,313
2048-2052	2,534,413	162,858	2,697,271
	$ 14,112,118	$ 5,698,168	$ 19,810,286

Changes in long-term liabilities

The following is a summary of the City's debt transactions for the year ended December 31, 2022:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Governmental Activities					
Compensated Absences	$ 85,195	$ 84,870	$ (68,638)	$ 101,427	$ 68,638
Total Governmental Activities	$ 85,195	$ 84,870	$ (68,638)	$ 101,427	$ 68,638
Business-type Activities					
Notes Payable	$ 14,130,473	$ 293,180	$ (311,535)	$ 14,112,118	$ 477,341
Compensated Absences	55,549	67,322	(54,519)	68,352	54,519
Total Business-type Activities	$ 14,186,022	$ 360,502	$ (366,054)	$ 14,180,470	$ 531,860

Compensated absences for governmental activities are liquidated in the General Fund.

Component Unit

Notes Payable

The Development Authority borrowed money from the City in order to purchase, develop, and market property in the Georgia North Industrial Park. In February 2022 the City approved the forgiveness of the loan receivable from the Adairsville Development Authority. The loan has been reclassified as a contribution to the Adairsville Development Authority for the year ended December 31, 2022.

Balances 01/01/22	Additions	Reductions	Balances 12/31/22
$ 9,400	$ --	$(9,400)	$ ---

Note 9. Pension Plan

Plan Description. The City has a non-contributory defined benefit plan covering all full time employees. The plan, the City of Adairsville Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS policy direction and oversight for the fund is provided by a 15 member board comprised of elected and appointed officials from the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The City established its plan effective June 1, 1985, and the authority to establish, amend or discontinue the plan remains with the City. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire at 65 years of age with 5 years of service or 60 years of age with 25 years of service. Early retirement is possible at age 55 with 10 years of service. Elected officials may retire at age 65. Benefits are calculated at 1.25% to 2.0% of the average monthly earnings for the period of the five highest years prior to retirement.

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Funding Policy and Annual Contributions. The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of the Statement No. 27. The annual minimum contribution is the sum of 1) the normal cost, 2) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded accrued liability over 30 years from 1985 and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year which such changes arise, 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.

As of July 1, 2021, employee membership data related to the City's pension plan was as follows:

Number of retirees and beneficiaries currently receiving benefits	35
Number of terminated employees entitled to benefits, but not yet receiving them	19
Number of Active Plan Participants	
Vested	25
Nonvested	35
Total	114

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section §47-20-10).

According to the annual plan valuation dated July 1, 2021, the recommended contribution to the plan for fiscal year 2022 was $301,141 ($0 employee and $301,141 employer; 0% employee and 10.66% employer of covered payroll respectively), and the recommended contribution to the plan for the previous year was $292,525 ($0 employee and $292,525 employer, 0% employee and 10.77% employer of covered payroll). Covered payroll for the fiscal years ending December 31, 2021 and 2022 was calculated at $2,686,793 and $2,792,888 respectively.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of March 31, 2021, along with the Total Pension Liability (TPL) and Fiduciary Net Position (FNP) used to calculate the NPL. These actuarial assumptions are based on the results of an actuarial measurement date of March 31, 2021.

Actuarial Assumptions: The City's total pension liability for the fiscal period was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.25%, plus service based merit increases
Investment Rate of Return	7.375%, net of pension plan investment expense, including inflation
Cost of Living Adjustment	2.25% for participants employed or taking office prior to May 1, 2018 2.00% for participants employed or taking office or non-vested participants reemployed on or after May 1, 2018

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.

Actuarial Methods:

Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Closed level dollar for remaining unfunded liability
Asset Valuation Method	Sum of the actuarial value at the beginning of the year and the cash flow during year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Discount Rate: The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee 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 active and inactive employees. 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 long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.55%
International Equity	20%	7.30%
Real Estate	10%	3.65%
Global Fixed Income	5%	0.50%
Domestic Fixed Income	20%	0.40%
Cash	0%	0.00%
Total	100%	

Changes in Net Pension Liability

	(a) (TPL) Total Pension Liability	(b) (FNP) Fiduciary Net Position	(a)-(b) (NPL) Net Pension Liability
Balances at March 31, 2020	$ 5,466,840	$ 4,517,657	$ 949,183
Changes for the Year			
Service Cost	168,033	-	168,033
Interest	406,503	-	406,503
Differences Between Expected and Actual Experience	(102,312)	-	(102,312)
Contributions-Employer	-	294,679	(294,679)
Net Investment Income	-	275,733	(275,733)
Benefit Payments, Including Refunds of Employee Contributions	(245,931)	(245,931)	-
Administrative Expense	-	(14,591)	14,591
Other	-	-	-
Net Changes	226,293	309,890	$ (83,597)
Balances at March 31, 2021	$ 5,693,133	$ 4,827,547	$ 865,586

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

	Sensitivity of the NPL to Change in Discount Rate		
	1% Decrease 6.375%	Current Discount Rate 7.375%	1% Increase 8.375%
Total Net Pension Liability	$ 1,667,293	$ 865,586	$ 210,360

For the year ended December 31, 2022, the City recognized pension expense of $186,476. At December 31, 2022, the City reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions for Future Periods	$ 225,856	$ -
Differences Between Expected and Actual Experience	67,758	(76,734)
Changes of Assumptions	14,467	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(438,147)
Total as of December 31, 2022	$ 308,081	$ (514,881)

City contributions subsequent to the measurement date of $225,856 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Amount
2023	($60,923)
2024	(138,385)
2025	(245,091)
2026	11,741
2027	-
2028 and After	-

The required *Schedule of Changes in the City's Net Pension Liability and Related Ratios* and the *Schedule of City Contributions* immediately follow the notes to the financial statements.

The City's policemen are also covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its municipal court system. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained.

Note 10. Restricted Assets and Restricted Net Position

Restricted Assets

The City is required to establish and maintain restricted cash accounts to comply with external legal requirements. The cash accounts of the confiscated asset special revenue fund, the hotel/motel tax special revenue fund, the 2020 SPLOST capital projects fund, and the American Rescue Plan fund are such accounts.

Restricted Net Position

Restrictions on net position are used to indicate that a portion of the net position is only available for a specific future use. The City uses the following restrictions on its net position:

Governmental Activities:

Restricted for law enforcement – Created to segregate unspent funds received from federal or state sources that restrict use for law enforcement purposes only.

Restricted for capital projects – Created to segregate the unspent funds available required to be used on approved capital projects

Restricted for tourism – Created to segregate the unspent funds that are required to be used to promote tourism in and around the City

Note 11. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Note 12. Other Information

Vacation and Sick Leave

City employee's vacation days accrue at a rate of 6.67 hours per month for one through nine years of service; 10 hours per month for ten through nineteen years of service; and 13.38 hours per month for twenty years of service and above. Up to a maximum of 240 hours of vacation may be accrued. Sick leave accrues at a rate of 5 hours per month.

Note 13. Risk Management

At year-end, there were no legal actions taken by or against the City that would have an adverse effect on the City's financial condition. The City is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. This City is self insured related to unemployment compensation. There have been no significant reductions in insurance coverage from the prior year.

Workers compensation claims are paid by an independent carrier under a fully-insured program. Settlements have not exceeded coverages for each of the past three fiscal years.

Note 14. Joint Venture

The City of Adairsville is a member of the Northwest Regional Commission (NWRGC). The NWRGC was created under the laws of the State of Georgia and cities and counties in the area served by the NWRGC are required to be members. The membership of the NWRGC includes 15 counties and 49 municipalities. Bartow County pays annual membership dues on behalf of the City. The City has no equity interest in the NWRGC nor does the City materially contribute to the continued existence of the NWRGC. The Official Code of Georgia Annotated Section §50-8-39.1 states that in the event the NWRGC ceases operation, the membership can be assessed for any debt or obligation of the NWRGC. Separate financial statements may be obtained from the Northwest Regional Commission, P. O. Box 1798, Rome, Georgia 30162.

Note 15. Hotel/Motel Tax Revenues and Tourism Expenditures

The City of Adairsville levies a hotel/motel tax in accordance with the provisions of the Official Code of Georgia section §48-13-51. This code section requires that the City expend an amount equal to the amount by which the total taxes collected under this section exceed the taxes that would be collected at a rate of 3 percent on tourism promotion for the City. For the year ended December 31, 2022, the total amount of hotel/motel tax the City collected was $366,339. In accordance with a contractual agreement, the City paid $45,792 to the Cartersville-Bartow County Convention and Visitor's Bureau. The City also spent $160,171 self-promoting and sponsoring local events throughout the fiscal year.

Note 16. Special Purpose Local Option Sales Tax

In January 2018, Bartow County voters approved a referendum for the continuation of a special one percent sales and use tax to be imposed in Bartow County for a period of time not to exceed twenty four calendar quarters, or until there is collected net proceeds of $160,000,000, for various capital outlay purposes. Actual collection of the tax began January 1, 2020 and is projected to end December 31, 2025. The City of Adairsville's distributive share of this amount is projected to be $5,846,000. The City is to use the proceeds from the tax for various building and infrastructure projects and water/sewer improvements.

Note 17. Post Employment Health Care Benefits

The City does not have any other post-employment benefit plans other than the pension plan discussed in Note 9.

Note 18. Construction Commitments

As of December 31, 2022, the City was not a party to any significant construction commitments.

Note 19. Tax Abatements

The City has adopted Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose the following information; (1) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients; (2) the gross dollar amount of taxes abated during the period; and (3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. For the year ended December 31, 2022, this statement does not have a significant impact on the City's financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ADAIRSVILLE, GEORGIA

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

For the Previous Ten Fiscal Periods

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service Cost	$ 168,033	$ 162,307	$ 158,340	$ 149,824	$ 106,141	$ 85,101	$ 83,908	$ 62,430	*	*
Interest	406,503	382,130	362,044	322,464	247,676	243,935	240,130	232,976	*	*
Benefit Changes	-	-	-	-	-	-	-	-	*	*
Differences Between Expected and Actual Experience	(102,312)	14,954	16,245	261,435	172,139	(88,328)	(74,914)	28,327	*	*
Changes of Assumptions	-	-	-	-	-	-	-	-	*	*
Benefit Payments, Including Refunds	(245,931)	(223,328)	(221,858)	(207,160)	(191,278)	(193,610)	(206,436)	(207,938)	*	*
Other	-	-	36,164	-	627,147	-	-	(24,232)	*	*
Net Change in Total Pension Liability	226,293	336,063	350,935	526,563	961,825	47,098	42,688	91,563	*	*
Total Pension Liability - Beginning	5,466,840	5,130,777	4,779,842	4,253,279	3,291,454	3,244,356	3,201,668	3,110,105	*	*
Total Pension Liability - Ending	$ 5,693,133	$5,466,840	$5,130,777	$4,779,842	$4,253,279	$3,291,454	$3,244,356	$ 3,201,668	*	*
Plan Net Position										
Contributions - Employer	$ 294,679	$ 287,712	$ 242,751	$ 140,411	$ 99,050	$ 94,630	$ 82,232	$ 87,038	*	*
Contributions - Member	-	-	-	-	-	-	-	-	*	*
Net Investment Income	275,733	1,399,340	(233,728)	115,638	368,901	341,395	7,049	262,736	*	*
Benefit Payments, Including Refunds	(245,931)	(223,328)	(221,858)	(207,160)	(191,278)	(193,610)	(206,436)	(207,938)	*	*
Administrative Expense	(14,591)	(13,883)	(14,868)	(13,859)	(15,910)	(14,106)	(9,982)	(9,012)	*	*
Other	-	-	-	-	-	-	-	-	*	*
Net Change in Plan Net Position	309,890	1,449,841	(227,703)	35,030	260,763	228,309	(127,137)	132,824	*	*
Plan Net Position - Beginning	4,517,657	3,067,816	3,295,519	3,260,489	2,999,726	2,771,417	2,898,554	2,765,730	*	*
Plan Net Position - Ending	$ 4,827,547	$4,517,657	$3,067,816	$3,295,519	$3,260,489	$2,999,726	$2,771,417	$ 2,898,554	*	*
Net Pension Liability - Ending	$ 865,586	$ 949,183	$2,062,961	$1,484,323	$ 992,790	$ 291,728	$ 472,939	$ 303,114	*	*
Total Pension Liability	$ 5,693,133	$5,466,840	$5,130,777	$4,779,842	$4,253,279	$3,291,454	$3,244,356	$ 3,201,668	*	*
Plan Net Position	4,827,547	4,517,657	3,067,816	3,295,519	3,260,489	2,999,726	2,771,417	2,898,554	*	*
Net Pension Liability	$ 865,586	$ 949,183	$2,062,961	$1,484,323	$ 992,790	$ 291,728	$ 472,939	$ 303,114	*	*
Ratio of Plan Net Position to Total Pension Liability	84.80%	82.64%	59.79%	68.95%	76.66%	91.14%	85.42%	90.53%	*	*
Covered Payroll	$ 2,743,054	$2,792,888	$2,686,793	$2,478,845	$2,151,129	$1,894,086	$1,674,402	$ 1,506,371	*	*
Net Pension Liability as a Percentage of Covered Payroll	31.56%	33.99%	76.78%	59.88%	46.15%	15.40%	28.25%	20.12%	*	*

This schedule is to be built prospectively. Historical information prior to 2015 is not required.

CITY OF ADAIRSVILLE, GEORGIA
Required Supplementary Information
Schedule of Contributions - Pension Plan
For the Previous Ten Fiscal Periods

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	$ 301,141	$ 292,525	$ 286,108	$ 228,298	$ 111,115	$ 92,095	$ 95,475	$ 77,817	81,101	*
Contributions in Relation to the Actuarially Determined Contribution	301,141	292,525	286,108	228,298	111,115	92,095	95,475	77,817	81,101	*
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-	*
Covered Payroll	$ 2,792,888	$ 2,686,793	$ 2,478,845	$ 2,151,129	$ 1,894,086	$ 1,674,402	$ 1,506,371	$ 1,160,323	931,931	*
Contributions As a Percentage of Covered Payroll	10.78%	10.89%	11.54%	10.61%	5.87%	5.50%	6.34%	6.71%	8.70%	*

* Historical information prior to implementation of GASB 67/68 not required.

Notes to the Schedule of Contributions:

Valuation Date: The actuarially determined contribution rate was determined July 1, 2021 with an interest rate adjustment to the fiscal year.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Net effective amortization of 19 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 the end of the year. The actuarial value is adjusted, if necessary to be within 20% of market value.
Cost of Living Adjustments	2.75% for participants employed or taking office prior to May 1, 2018 2.75% for participants employed or taking office or non-vested participants reemployed on or after May 1, 2018
Salary Increases	2.75% plus service based merit increases
Investment Rate of Return	7.375% net pension plan investment expense, including inflation
Retirement Age	Officials Early 65, Full 70; Employees Early 55, Full 70
Mortality	The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.
Other Information	The investment return and inflation assumptions used in the July 1, 2020 valuation were approved by the Board in December 2017 based on the results of an actuarial study conducted by Segal in September 2019. The mortality and other actuarial assumptions used in July 1, 2020 valuation were approved by the Board in December 2014 based on the resultes of an actuarial experience study for the period January 1, 2010, through June 30, 2014 conducted by Segal Consulting.

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COMBINING AND INDIVIDUAL FUNDS

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CITY OF ADAIRSVILLE, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance
2020 SPLOST Capital Projects Fund Budget and Actual
From Inception and For the Year Ended December 31, 2022

	Acutal			
	Prior Years	Current Year	Total to Date	Project Authorization
Revenues				
Intergovernmental	$ 1,777,205	$ 1,285,428	$ 3,062,633	$ 5,846,000
Interest Income	969	1,250	2,219	-
Total Revenues	1,778,174	1,286,678	3,064,852	5,846,000
Expenditures				
Current:				
Police	22,773	15,161	37,934	37,934
Streets and Roads	-	70	70	70
Water and Sewer	-	21,830	21,830	21,830
Capital Outlays:				
Police	56,748	125,163	181,911	212,066
Streets and Roads	-	807,487	807,487	2,230,930
Culture and Recreation	45,335	-	45,335	1,865,000
Water and Sewer	502,939	-	502,939	1,478,170
Total Expenditures	627,795	969,711	1,597,506	5,846,000
Excess of Revenues Over Expenditures	1,150,379	316,967	1,467,346	-
Net Change in Fund Balance	$ 1,150,379	316,967	$ 1,467,346	$ -
Fund Balance - Beginning of Year		1,150,379		
Fund Balance - End of Year		$ 1,467,346		

CITY OF ADAIRSVILLE, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Special Revenue Funds		
	Confiscated Assets	Hotel/Motel Tax	Total Nonmajor Governmental Funds
Assets			
Cash	$ 21,108	$ 58,345	$ 79,453
Receivables, Net			
Taxes	-	23,685	23,685
Total Assets	21,108	82,030	103,138
Liabilities			
Accounts Payable	-	24,845	24,845
Due to Other Funds	-	8,882	8,882
Total Liabilities	-	33,727	33,727
Fund Balances			
Restricted For:			
Law Enforcement Activities	21,108	-	21,108
Tourism Promotion	-	48,303	48,303
Total Fund Balances	21,108	48,303	69,411
Total Liabilities and Fund Balances	$ 21,108	$ 82,030	$ 103,138

CITY OF ADAIRSVILLE, GEORGIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2022

	Special Revenue Funds		
	Confiscated Assets	Hotel/Motel Tax	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ -	$ 366,339	$ 366,339
Fines and Forfeitures	9,818	-	9,818
Interest Income	9	-	9
Total Revenues	9,827	366,339	376,166
Expenditures			
Current:			
Police	4	-	4
Community Development	-	205,963	205,963
Total Expenditures	4	205,963	205,967
Excess of Revenues Over Expenditures	9,823	160,376	170,199
Other Financing Sources (Uses)			
Transfers - Out	-	(137,377)	(137,377)
Total Other Financing Sources (Uses)	-	(137,377)	(137,377)
Net Change in Fund Balances	9,823	22,999	32,822
Fund Balance - Beginning of Year	11,285	25,304	36,589
Fund Balance - End of Year	$ 21,108	$ 48,303	$ 69,411

CITY OF ADAIRSVILLE, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance

Confiscated Asset Special Revenue Fund - Budget and Actual

For the Year Ended December 31, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fines and Forfeitures	$ -	$ 9,900	$ 9,818	$ (82)
Interest Income	-	10	9	(1)
Total Revenues	-	9,910	9,827	(83)
Expenditures				
Current:				
Police	-	5	4	1
Total Expenditures	-	5	4	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	9,905	9,823	(82)
Net Change in Fund Balance	$ -	$ 9,905	9,823	$ (82)
Fund Balance - Beginning of Year			11,285	
Fund Balance - End of Year			$ 21,108	

CITY OF ADAIRSVILLE, GEORGIA

Schedule of Revenues, Expenditures, and Change In Fund Balance
Hotel/Motel Tax Special Revenue Fund - Budget and Actual
For the Year Ended December 31, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 300,000	$ 365,000	$ 366,339	$ 1,339
Total Revenues	300,000	365,000	366,339	1,339
Expenditures				
Current:				
Community Development	187,500	206,500	205,963	537
Total Expenditures	187,500	206,500	205,963	537
Excess of Revenues Over Expenditures	112,500	158,500	160,376	1,876
Other Financing Sources (Uses)				
Transfers - Out	(112,500)	(137,500)	(137,377)	123
Total Other Financing Sources (Uses)	(112,500)	(137,500)	(137,377)	123
Net Change in Fund Balance	$ -	$ 21,000	22,999	$ 1,999
Fund Balance - Beginning of Year			25,304	
Fund Balance - End of Year			$ 48,303	

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COMPLIANCE SECTION

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

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

To the Honorable Mayor and Council
City of Adairsville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Adairsville, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise City of Adairsville, Georgia's basic financial statements and have issued our report thereon dated June 7, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Adairsville, 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 Adairsville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Adairsville, 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Adairsville, 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 are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Williamson and Company
Certified Public Accountants
June 7, 2023

CITY OF ADAIRSVILLE, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
Year Ended December 31, 2022

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST IV (2020-2025)					
Public Safety Facilities Projects					
Public Safety Facilities Projects	$ 250,000	$ 250,000	$ 79,521	$ 140,324	$ 219,845
Water and Wastewater Improvements					
Repair and Replacement of Distribution and Collection Infrastructure	1,500,000	1,500,000	502,939	21,830	524,769
Recreational and Cultural Facilities Projects					
Recreational and Cultural Facilities Projects	1,865,000	1,865,000	45,335	-	45,335
Roads, Streets and Stormwater Projects					
Roads, Streets, Bridges, Sidewalks, Bicycle Paths, and Stormwater Projects	2,231,000	2,231,000	-	807,557	807,557
Total for SPLOST IV Projects	$ 5,846,000	$ 5,846,000	$ 627,795	$ 969,711	$ 1,597,506

This schedule is presented on the modified accrual basis of accounting.