# CITY OF ASHBURN, GEORGIA

## FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED
## JUNE 30, 2022

# CITY OF ASHBURN, GEORGIA

## FINANCIAL REPORT
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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# CITY OF ASHBURN, GEORGIA

## FINANCIAL REPORT
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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# FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

# INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

***Opinions***

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

In our opinion, the accompanying financial statement referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, cash flows thereof, and the respective budgetary comparison for the General Fund and the American Rescue Plan Act ("ARPA") Fund for the year ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the City's Net Pension Liability and Related Ratios and the Schedule of City Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the basic financial statements of to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds 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 April 10, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ashburn, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
April 10, 2025

# BASIC FINANCIAL STATEMENTS

# CITY OF ASHBURN, GEORGIA

## STATEMENT OF NET POSITION
## JUNE 30, 2022

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Downtown Development Authority |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 493,298 | $ 60,837 | $ 554,135 | $ 93,436 |
| Investments | - | 608,076 | 608,076 | - |
| Taxes receivable | 139,132 | - | 139,132 | - |
| Accounts receivable, net of allowances | 295,246 | 1,258,099 | 1,553,345 | - |
| Due from other governments | 96,110 | - | 96,110 | 1,709 |
| Internal balances | 592,995 | (592,995) | - | - |
| Inventories | - | 138,403 | 138,403 | - |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 3,257,757 | 3,257,757 | - |
| Note receivable | - | - | - | 41,000 |
| Capital assets: | | | | |
| Nondepreciable | 237,366 | 76,276 | 313,642 | 18,076 |
| Depreciable, net of accumulated depreciation | 4,082,271 | 8,168,383 | 12,250,654 | 20,182 |
| Total assets | 5,936,418 | 12,974,836 | 18,911,254 | 174,403 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Pension | 192,473 | 41,808 | 234,281 | - |
| Deferred charges on refunding | - | 35,710 | 35,710 | - |
| Total deferred outflows of resources | 192,473 | 77,518 | 269,991 | - |
| **LIABILITIES** | | | | |
| Outstanding checks in excess of bank balance | 91,216 | - | 91,216 | - |
| Accounts payable | 216,514 | 14,274 | 230,788 | - |
| Accrued liabilities | 28,780 | 72,449 | 101,229 | - |
| Unearned revenue | 491,604 | - | 491,604 | - |
| Customer deposits | 22,555 | 185,747 | 208,302 | - |
| Compensated absences due within one year | 32,775 | 9,603 | 42,378 | - |
| Financed purchases due within one year | 154,246 | 88,998 | 243,244 | - |
| Financed purchases due in more than one year | 811,186 | 83,255 | 894,441 | - |
| Note payable due within one year | - | 76,339 | 76,339 | 1,021 |
| Note payable due in more than one year | - | 1,219,287 | 1,219,287 | 38,815 |
| Bonds payable due within one year | - | 485,553 | 485,553 | - |
| Bonds payable due in more than one year | - | 5,389,193 | 5,389,193 | - |
| Net pension liability | 97,514 | 25,031 | 122,545 | - |
| Total liabilities | 1,946,390 | 7,649,729 | 9,596,119 | 39,836 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Pension | 293,272 | 61,248 | 354,520 | - |
| **NET POSITION** | | | | |
| Net investment in capital assets | 3,354,205 | 937,744 | 4,291,949 | 38,258 |
| Restricted: | | | | |
| Law enforcement purposes | 548 | - | 548 | - |
| Capital projects | 73,093 | - | 73,093 | - |
| Unrestricted | 461,383 | 4,403,633 | 4,865,016 | 96,309 |
| Total net position | $ 3,889,229 | $ 5,341,377 | $ 9,230,606 | $ 134,567 |

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

# CITY OF ASHBURN, GEORGIA

## STATEMENT OF ACTIVITIES
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Position: Governmental Activities | Net (Expenses) Revenues and Changes in Net Position: Business-type Activities | Net (Expenses) Revenues and Changes in Net Position: Total | Component Unit: Downtown Development Authority |
|---|---|---|---|---|---|---|---|---|
| **Primary government** | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | $ 393,354 | $ 874,707 | $ - | $ 251,554 | $ 732,907 | $ - | $ 732,907 | $ - |
| Judicial | 8,187 | - | - | - | (8,187) | - | (8,187) | - |
| Public works | 1,517,007 | - | - | 546,310 | (970,697) | - | (970,697) | - |
| Public safety | 3,070,371 | 1,317,589 | - | - | (1,752,782) | - | (1,752,782) | - |
| Community development | 188,978 | - | 113,127 | - | (75,851) | - | (75,851) | - |
| Health and welfare | 58,055 | - | - | - | (58,055) | - | (58,055) | - |
| Culture and recreation | 15,843 | - | - | - | (15,843) | - | (15,843) | - |
| Interest on long-term debt | 30,344 | - | - | - | (30,344) | - | (30,344) | - |
| Total governmental activities | 5,282,139 | 2,192,296 | 113,127 | 797,864 | (2,178,852) | - | (2,178,852) | - |
| Business-type activities: | | | | | | | | |
| Water and sewer | 1,538,684 | 1,625,192 | - | 15,155 | - | 101,663 | 101,663 | - |
| Natural gas | 1,048,888 | 1,171,520 | - | - | - | 122,632 | 122,632 | - |
| Total business-type activities | 2,587,572 | 2,796,712 | - | 15,155 | - | 224,295 | 224,295 | - |
| Total primary government | $ 7,869,711 | $ 4,989,008 | $ 113,127 | $ 813,019 | (2,178,852) | 224,295 | (1,954,557) | - |
| **Component unit** | | | | | | | | |
| Downtown Development Authority | $ 51,699 | $ - | $ 26,220 | $ - | - | - | - | (25,479) |
| Total component unit | $ 51,699 | $ - | $ 26,220 | $ - | - | - | - | (25,479) |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 775,087 | - | 775,087 | - |
| Sales taxes | | | | | 294,205 | - | 294,205 | - |
| Alcoholic beverage taxes | | | | | 73,341 | - | 73,341 | - |
| Franchise taxes | | | | | 241,764 | - | 241,764 | - |
| Hotel taxes | | | | | 86,392 | - | 86,392 | - |
| Other taxes | | | | | 357,770 | - | 357,770 | - |
| Unrestricted investment earnings | | | | | 306 | 1,590 | 1,896 | - |
| Transfers | | | | | 716,985 | (716,985) | - | - |
| Total general revenues | | | | | 2,545,850 | (715,395) | 1,830,455 | - |
| Change in net position | | | | | 366,998 | (491,100) | (124,102) | (25,479) |
| Net position, beginning of year | | | | | 3,522,231 | 5,832,477 | 9,354,708 | 160,046 |
| Net position, end of year | | | | | $ 3,889,229 | $ 5,341,377 | $ 9,230,606 | $ 134,567 |

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

# CITY OF ASHBURN, GEORGIA

## BALANCE SHEET
## GOVERNMENTAL FUNDS
## JUNE 30, 2022

| | General | ARPA Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 1,000 | $ 491,750 | $ 548 | $ 493,298 |
| Taxes receivable | 130,017 | - | 9,115 | 139,132 |
| Accounts receivable | 295,246 | - | - | 295,246 |
| Due from other governments | 23,163 | - | 72,947 | 96,110 |
| Due from other funds | 599,769 | - | - | 599,769 |
| Advances to other funds | - | - | 616,806 | 616,806 |
| Total assets | $ 1,049,195 | $ 491,750 | $ 699,416 | $ 2,240,361 |
| **LIABILITIES** | | | | |
| Accounts payable | $ 207,400 | $ - | $ 9,114 | $ 216,514 |
| Outstanding checks in excess of bank balance | 91,216 | - | - | 91,216 |
| Customer deposits payable | 22,555 | - | - | 22,555 |
| Accrued liabilities | 28,347 | - | 433 | 28,780 |
| Unearned revenues | - | - | - | - |
| Due to other funds | - | - | 6,774 | 6,774 |
| Unearned revenue | - | 491,604 | - | 491,604 |
| Advances from other funds | 616,806 | - | - | 616,806 |
| Total liabilities | 966,324 | 491,604 | 16,321 | 1,474,249 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unavailable revenue - property taxes | 63,491 | - | - | 63,491 |
| Total deferred inflows of resources | 63,491 | - | - | 63,491 |
| **FUND BALANCES (DEFICITS)** | | | | |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Long-term interfund advances | - | - | 616,806 | 616,806 |
| Restricted for: | | | | - |
| Law enforcement purposes | - | - | 548 | 548 |
| Capital projects | - | 146 | 72,947 | 73,093 |
| Unassigned | 19,380 | - | (7,206) | 12,174 |
| Total fund balances (deficits) | 19,380 | 146 | 683,095 | 702,621 |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | $ 1,049,195 | $ 491,750 | $ 699,416 | |
| Amounts reported for governmental activities in the statement of net position are different because: | | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | | 4,319,637 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | | | | 63,491 |
| Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of contributions made subsequent to the measurement date, differences between projected and actual earnings on plan investments, and experience differences. | | | | 192,473 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | | | (1,095,721) |
| Deferred inflows of resources are not available to pay for current expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension related assumption changes and experience differences. | | | | (293,272) |
| Net position of governmental activities | | | | $ 3,889,229 |

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

# CITY OF ASHBURN, GEORGIA

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

| | General | ARPA Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes | $ 1,720,146 | $ - | $ 86,392 | $ 1,806,538 |
| Licenses and permits | 39,126 | - | - | 39,126 |
| Intergovernmental | 23,630 | 200,000 | 574,234 | 797,864 |
| Charges for services | 741,655 | - | - | 741,655 |
| Fines and forfeitures | 1,317,589 | - | - | 1,317,589 |
| Interest | 160 | 146 | - | 306 |
| Other revenues | 93,926 | - | 113,127 | 207,053 |
| Total revenues | 3,936,232 | 200,146 | 773,753 | 4,910,131 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | 710,411 | - | - | 710,411 |
| Public works | 1,294,499 | - | - | 1,294,499 |
| Public safety | 3,017,765 | - | 29,022 | 3,046,787 |
| Community development | 21,950 | - | 167,028 | 188,978 |
| Health and welfare | - | - | 58,055 | 58,055 |
| Debt service: | | | | |
| Principal retirement | 6,711 | - | 158,629 | 165,340 |
| Interest and fiscal charges | 1,469 | - | 28,875 | 30,344 |
| Capital outlay | - | - | 124,598 | 124,598 |
| Total expenditures | 5,052,805 | - | 566,207 | 5,619,012 |
| Excess (deficiency) of revenues over (under) expenditures | (1,116,573) | 200,146 | 207,546 | (708,881) |
| **Other financing sources (uses)** | | | | |
| Transfers in | 1,036,659 | - | 10,898 | 1,047,557 |
| Transfers out | (100) | (200,000) | (130,472) | (330,572) |
| Total other financing sources (uses) | 1,036,559 | (200,000) | (119,574) | 716,985 |
| Net change in fund balances | (80,014) | 146 | 87,972 | 8,104 |
| **Fund balances, beginning of year** | 99,394 | - | 595,123 | 694,517 |
| **Fund balances (deficits), end of year** | $ 19,380 | $ 146 | $ 683,095 | $ 702,621 |

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

# CITY OF ASHBURN, GEORGIA

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

| | | |
|---|---|---|
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Net change in fund balances - total governmental funds | | $ 8,104 |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | 114,054 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Deferred inflows of resources in the prior year | $ (41,470) | |
| Deferred inflows of resources in the current year | 63,491 | 22,021 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. | | 165,340 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | 57,479 |
| | | $ 366,998 |

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

# CITY OF ASHBURN, GEORGIA

## GENERAL FUND
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Budget Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **Revenues** | | | | |
| Taxes | $ 1,682,293 | $ 1,682,293 | $ 1,720,146 | $ 37,853 |
| Licenses and permits | 39,126 | 39,126 | 39,126 | - |
| Intergovernmental | 23,630 | 23,630 | 23,630 | - |
| Charges for services | 743,810 | 743,810 | 741,655 | (2,155) |
| Fines and forfeitures | 1,317,589 | 1,317,589 | 1,317,589 | - |
| Interest | 160 | 160 | 160 | - |
| Other revenues | 94,676 | 94,676 | 93,926 | (750) |
| Total revenues | 3,901,284 | 3,901,284 | 3,936,232 | 34,948 |
| **Expenditures** | | | | |
| **Current:** | | | | |
| **General government:** | 710,266 | 710,266 | 710,411 | (145) |
| Total general government | 710,266 | 710,266 | 710,411 | (145) |
| **Public works:** | 1,211,740 | 1,211,740 | 1,294,499 | (82,759) |
| Total public works | 1,211,740 | 1,211,740 | 1,294,499 | (82,759) |
| **Public safety:** | | | | |
| Police | 2,236,592 | 2,236,592 | 2,341,338 | (104,746) |
| Fire | 550,360 | 550,360 | 551,479 | (1,119) |
| E-911 | 124,948 | 124,948 | 124,948 | - |
| Total public safety | 2,911,900 | 2,911,900 | 3,017,765 | (105,865) |
| **Community development:** | 21,950 | 21,950 | 21,950 | - |
| Total public safety | 21,950 | 21,950 | 21,950 | - |
| **Debt service:** | | | | |
| Principal retirement | - | - | 6,711 | (6,711) |
| Interest and fiscal charges | - | - | 1,469 | (1,469) |
| Total debt service | - | - | 8,180 | (8,180) |
| Total expenditures | 4,855,856 | 4,855,856 | 5,052,805 | (196,949) |
| Deficiency of revenues under expenditures | (954,572) | (954,572) | (1,116,573) | (162,001) |
| **Other financing sources (uses)** | | | | |
| Transfers in | 214,437 | 214,437 | 1,036,659 | 822,222 |
| Transfers out | (100) | (100) | (100) | - |
| Financed purchases | 14,602 | 14,602 | - | (14,602) |
| Total other financing sources (uses), net | 228,939 | 228,939 | 1,036,559 | 807,620 |
| Net change in fund balances | (725,633) | (725,633) | (80,014) | 645,619 |
| **Fund balance, beginning of year** | 99,394 | 99,394 | 99,394 | - |
| **Fund (deficit), end of year** | $ (626,239) | $ (626,239) | $ 19,380 | $ 645,619 |

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

# CITY OF ASHBURN, GEORGIA

## ARPA FUND
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Budget Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **Revenues** | | | | |
| Intergovernmental | $ - | $ - | $ 200,000 | $ 200,000 |
| Interest | - | - | 146 | 146 |
| Total revenues | - | - | 200,146 | 200,146 |
| **Other financing uses** | | | | |
| Transfers out | - | - | (200,000) | (200,000) |
| Total other financing uses | - | - | (200,000) | (200,000) |
| Net change in fund balances | - | - | 146 | 146 |
| **Fund balance, beginning of year** | - | - | - | - |
| **Fund balance, end of year** | $ - | $ - | $ 146 | $ 146 |

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

# CITY OF ASHBURN, GEORGIA

## STATEMENT OF NET POSITION
## PROPRIETARY FUNDS
## JUNE 30, 2022

| | Water and Sewer | Natural Gas | Totals |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash | $ 60,837 | $ - | $ 60,837 |
| Investments | - | 608,076 | 608,076 |
| Accounts receivable (net of allowance for uncollectibles) | 765,676 | 492,423 | 1,258,099 |
| Inventory | 56,262 | 82,141 | 138,403 |
| Restricted assets: | | | |
| Cash | 3,257,757 | - | 3,257,757 |
| Total current assets | 4,140,532 | 1,182,640 | 5,323,172 |
| **NON-CURRENT ASSETS** | | | |
| Capital assets, at cost: | | | |
| Land | 15,850 | 8,750 | 24,600 |
| Construction in progress | 51,676 | - | 51,676 |
| Buildings | 213,454 | 104,551 | 318,005 |
| Infrastructure | 10,797,867 | 981,059 | 11,778,926 |
| Machinery and equipment | 3,085,021 | 671,861 | 3,756,882 |
| Furniture and fixtures | 1,929 | - | 1,929 |
| | 14,165,797 | 1,766,221 | 15,932,018 |
| Less accumulated depreciation | 6,695,297 | 992,062 | 7,687,359 |
| Total capital assets | 7,470,500 | 774,159 | 8,244,659 |
| Total non-current assets | 7,470,500 | 774,159 | 8,244,659 |
| Total assets | 11,611,032 | 1,956,799 | 13,567,831 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Pension | 19,721 | 22,087 | 41,808 |
| Deferred charges on refunding | 35,710 | - | 35,710 |
| Total deferred outflows of resources | 55,431 | 22,087 | 77,518 |
| **CURRENT LIABILITIES** | | | |
| Payable from current assets: | | | |
| Accounts payable | 10,791 | 3,483 | 14,274 |
| Accrued other expenses | 8,924 | 63,525 | 72,449 |
| Accrued vacation | 2,517 | 7,086 | 9,603 |
| Due to other funds | 592,995 | - | 592,995 |
| Current portion of note payable | 76,339 | - | 76,339 |
| Current portion of financed purchases | - | 88,998 | 88,998 |
| Customer deposits | 147,005 | 38,742 | 185,747 |
| Total | 838,571 | 201,834 | 1,040,405 |
| Payable from restricted assets: | | | |
| Current portion of revenue bonds | 485,553 | - | 485,553 |
| Total | 485,553 | - | 485,553 |
| Total current liabilities | 1,324,124 | 201,834 | 1,525,958 |
| **NON-CURRENT LIABILITIES** | | | |
| Net pension liability | 15,750 | 9,281 | 25,031 |
| Revenue bonds payable - non-current | 5,389,193 | - | 5,389,193 |
| Notes payable - non-current | 1,219,287 | - | 1,219,287 |
| Financed purchases | - | 83,255 | 83,255 |
| Total non-current liabilities | 6,624,230 | 92,536 | 6,716,766 |
| Total liabilities | 7,948,354 | 294,370 | 8,242,724 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Pension | 27,514 | 33,734 | 61,248 |
| **NET POSITION** | | | |
| Investment in capital assets | 335,838 | 601,906 | 937,744 |
| Unrestricted | 3,354,757 | 1,048,876 | 4,403,633 |
| Total net position | $ 3,690,595 | $ 1,650,782 | $ 5,341,377 |

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

# CITY OF ASHBURN, GEORGIA

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

| | Water and Sewer | Natural Gas | Totals |
|---|---|---|---|
| **Operating revenues** | | | |
| Charges for services | $ 1,625,192 | $ 1,171,520 | $ 2,796,712 |
| Total operating revenues | 1,625,192 | 1,171,520 | 2,796,712 |
| **Operating expenses** | | | |
| Natural gas purchases | - | 640,784 | 640,784 |
| Production | 182,411 | - | 182,411 |
| Distribution | 303,864 | 383,432 | 687,296 |
| Waste Management Services | 627,503 | - | 627,503 |
| Depreciation | 259,940 | 17,965 | 277,905 |
| Total operating expenses | 1,373,718 | 1,042,181 | 2,415,899 |
| Operating income | 251,474 | 129,339 | 380,813 |
| **Non-operating revenues (expenses)** | | | |
| Interest revenue | 170 | 1,420 | 1,590 |
| Interest expense and amortization | (85,877) | (6,707) | (92,584) |
| Issuance costs | (79,089) | - | (79,089) |
| Total non-operating revenues (expenses) | (164,796) | (5,287) | (170,083) |
| Income before capital contributions and transfers | 86,678 | 124,052 | 210,730 |
| **Capital contributions** | 15,155 | - | 15,155 |
| **Transfers** | | | |
| Transfers in | 100 | - | 100 |
| Transfers out | - | (717,085) | (717,085) |
| Total transfers | 100 | (717,085) | (716,985) |
| Change in net position | 101,933 | (593,033) | (491,100) |
| **Net position, beginning of year** | 3,588,662 | 2,243,815 | 5,832,477 |
| **Net position, end of year** | $ 3,690,595 | $ 1,650,782 | $ 5,341,377 |

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

# CITY OF ASHBURN, GEORGIA

## STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Water and Sewer | Natural Gas | Totals |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash received from customers, including deposits | $ 986,879 | $ 747,527 | $ 1,734,406 |
| Cash payments to: | | | |
| Suppliers and vendors | (316,702) | (715,591) | (1,032,293) |
| Employees | (186,908) | (254,655) | (441,563) |
| Net cash provided by (used in) operating activities | 483,269 | (222,719) | 260,550 |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES** | | | |
| Transfers from other funds | 100 | - | 100 |
| Transfers to other funds | - | (717,085) | (717,085) |
| Net cash provided by non-capital financing activities | 100 | (717,085) | (716,985) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Payments on bonds | (271,027) | - | (271,027) |
| Interest paid | (254,136) | (6,707) | (260,843) |
| Purchase of capital assets | (51,676) | - | (51,676) |
| Proceeds from issuance of bonds | 2,713,000 | - | 2,713,000 |
| Proceeds from issuance of notes payable | 51,676 | - | 51,676 |
| Principal payments on financed purchases | - | (86,242) | (86,242) |
| Principal payments on notes payable | (74,629) | - | (74,629) |
| Net cash provided by (used in) capital and related financing activities | 2,113,208 | (92,949) | 2,020,259 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of investments | - | (1,365) | (1,365) |
| Interest received | 170 | 1,420 | 1,590 |
| Net cash provided by investing activities | 170 | 55 | 225 |
| Net increase (decrease) in cash | 2,596,747 | (1,032,698) | 1,564,049 |
| Cash and cash equivalents, beginning balance | 721,847 | 1,032,698 | 1,754,545 |
| Cash and cash equivalents, ending balanace | $ 3,318,594 | $ - | $ 3,318,594 |
| Classified as: | | | |
| Cash | $ 60,837 | $ - | $ 60,837 |
| Restricted assets: | | | |
| Cash | 3,257,757 | - | 3,257,757 |
| | $ 3,318,594 | $ - | $ 3,318,594 |

**(Continued)**

# CITY OF ASHBURN, GEORGIA

## STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Water and Sewer | Natural Gas | Totals |
|---|---|---|---|
| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES** | | | |
| Operating income | $ 251,474 | $ 129,339 | $ 380,813 |
| Depreciation | 259,940 | 17,965 | 277,905 |
| Changes in assets and liabilities: | | | |
| Increase in accounts receivable | (638,313) | (426,537) | (1,064,850) |
| (Increase) decrease in inventory | (5,618) | 1,953 | (3,665) |
| Decrease in prepaid expenses | 5,797 | 4,985 | 10,782 |
| Increase in deferred outflows of resources | (1,523) | (2,175) | (3,698) |
| Increase (decrease) in vouchers payable | (1,097) | 2,929 | 1,832 |
| Increase in customer deposits | 22,588 | 2,544 | 25,132 |
| Increase in accrued expenses | - | 50,525 | 50,525 |
| Increase in due to other funds | 592,995 | - | 592,995 |
| Decrease in net pension liability | (22,278) | (31,825) | (54,103) |
| Increase in deferred inflows of resources | 19,304 | 27,578 | 46,882 |
| Net cash provided by (used in) operating activities | $ 483,269 | $ (222,719) | $ 260,550 |
| **NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:** | | | |
| Georgia Environmental Finance Authority loan forgiveness | $ 15,155 | $ - | $ 15,155 |
| Net noncash investing, capital, and financing activities | $ 15,155 | $ - | $ 15,155 |

# CITY OF ASHBURN, GEORGIA

## STATEMENT OF FIDUCIARY NET POSITION
## CUSTODIAL FUND
## JUNE 30, 2022

| | Pending Fund |
|---|---|
| **ASSETS** | |
| Cash | $ 46,465 |
| Total assets | $ 46,465 |
| **NET POSITION** | |
| Restricted for individuals, organizations, and other governments | $ 46,465 |

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

# CITY OF ASHBURN, GEORGIA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
## CUSTODIAL FUND
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Pending Fund |
|---|---|
| **ADDITIONS** | |
| Confiscations | $ 28,894 |
| **DEDUCTIONS** | |
| Disbursements | 1,898 |
| Change in net position | 26,996 |
| Net position, beginning of the year | 19,469 |
| Net position, end of the year | $ 46,465 |

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. Reporting Entity

The City was incorporated on December 26, 1890, by an act of the General Assembly of Georgia. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, community development, culture-recreation, public improvements, codes and engineering, water and sewer, and natural gas.

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

The **Downtown Development Authority (the "Authority")** has been included as a discretely presented component unit in the accompanying financial statements. The component unit is included in the City's reporting entity because of the significance of their operational financial relationship with the City. The Authority was established to encourage growth and development in downtown Ashburn. Its governing board is appointed by the City and has assumed financial responsibility for its operations. The Authority's financial data is discretely presented in these financial statements. The Authority does not issue stand-alone financial statements.

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the discretely presented component unit.

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resource 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, management's discussion and analysis which includes an analytical overview of the City's financial activity.

The City reports the following major governmental funds:

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

The ***American Rescue Plan Act ("ARPA") Fund*** is a Special Revenue Fund that is used to account for grant funds awarded to the City as part of the State and Local Fiscal Recovery Fund under the American Rescue Plan Act of 2021.

The City reports the following major proprietary funds:

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

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

The City also reports the following fund types:

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

The ***Custodial Funds*** account for the collection and disbursement of monies by the City on behalf of the courts that the police have confiscated and do not have legal authority to spend.

The ***Capital Projects Funds*** account for monies collected from a special sales tax used for capital expenditures.

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

### D. Budgets

Budgets are adopted on a basis consistent with GAAP, except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Annual appropriated budgets are adopted for the General, Special Revenue, and Enterprise Funds. Unencumbered annual appropriations lapse at fiscal year-end. The legal level of control for each legally adopted annual operating budget is at the department level. The City budgets the capital projects fund on a project basis with the term of the project being longer than the City's fiscal year.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored in the subsequent year.

### E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. State statutes authorize the primary government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). Georgia Fund 1 was created under the Official Code of Georgia Annotated ("O.C.G.A.") §36-83-8 and is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the Securities and Exchange Commission ("SEC") as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value.

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

### F. Receivables, Payables and Advances

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

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 Water and Sewer Fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

### G. Inventories and Prepaid Items

Inventories consist of expendable supplies and items acquired for infrastructure repair and maintenance or for possible future expansion. Inventories in governmental funds are stated at average cost. Proprietary funds' inventories are stated at lower of average cost or market. The consumption method is used to account for inventories. Under the consumption method, budgetary authority is slated and expenditures are recorded in terms of authority to use or consume inventory items. Reported inventories are equally offset by a fund balance reserve in the fund financial statements.

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

### H. Restricted Assets

Proprietary funds, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt.

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

### I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are recorded at historical cost where historical records are available and at estimated cost where no historical records exist. Donated capital assets are recorded at acquisition value.

The cost 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.

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

| Assets | Years |
|---|---|
| Infrastructure | 30 |
| Buildings and improvements | 50 – 100 |
| Vehicles | 2 – 15 |
| Furniture & fixtures | 3 – 15 |
| Machinery & equipment | 10 – 35 |
| Improvements other than buildings | 50 – 100 |

### J. Compensated Absences

The liability for vested or accumulated unpaid vacation pay amounts has been accrued in the government-wide and proprietary fund statements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Accumulated sick pay benefits have not been recorded as a liability because the payment of the benefits is contingent upon future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

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

### K. Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

### L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.. The City has four items that qualify for reporting in this category. One is the deferred loss on refunding reported in the government-wide Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The amount is deferred and being amortized over the life of the refunding debt The remaining items relate to the City's Retirement Plan and are reported in the government-wide and proprietary fund Statements of Net Position. Contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. Experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. Changes in actuarial assumptions, which adjust the net pension liability, are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members.

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

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

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category, one of which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property and sales taxes, utilities, and miscellaneous items and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. Accordingly, the item, *unavailable revenue*, is reported only in the Governmental Funds Balance Sheet. The other items relate to the City's retirement plan and are reported in the government-wide and proprietary statements of net position. Experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. The net difference between projected and actual earnings on pension plan investments is deferred and amortized against pension expense over a five-year period, resulting in recognition as a deferred inflow of resources.

### M. Pensions

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

### N. Fund Balance/Net Position

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

***Fund Balance*** – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

### N. Fund Balance/Net Position (Continued)

***Fund Balance (Continued)*** –

Fund balances are classified as follows:

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

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

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

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City has not adopted a policy giving specific parties the power to assign fund balance. The only assigned fund balances are those mandated by GASB pronouncements.

- ***Unassigned*** – Fund balances are reported as unassigned when balances do not meet any of the above criterion.

***Flow Assumptions*** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

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

### N. Fund Equity (Continued)

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

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

### O. Management Estimates

The preparation of financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

The Governmental Fund Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

| | |
|---|---|
| Financed purchases from direct borrowings | $ (965,432) |
| Compensated absences | (32,775) |
| Net pension liability | (97,514) |
| Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities* | $ (1,095,721) |

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

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this difference are as follows:

| | |
|---|---|
| Capital outlay | $ 295,145 |
| Depreciation expense | (181,091) |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities* | $ 114,054 |

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this difference are as follows:

| | |
|---|---|
| Principal repayments | $ 165,340 |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities* | $ 165,340 |

Another element of that reconciliation explains that "Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

| | |
|---|---|
| Compensated absences | $ 4,176 |
| Pension expense | 53,303 |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities* | $ 57,479 |

## NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budgetary Information

The City follows these procedures in establishing the budgetary data in the financial statements:

1. Prior to July 1, the City Manager submits to the Mayor and Council a proposed operating and capital improvements budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally enacted through passage of a resolution.

4. All budget transfers must be approved by the City Manager and/or the Mayor and Council depending on the type and/or amount of expenditure.

5. Budgets for the General, Enterprise, and Special Revenue Funds are adopted on a basis consistent with GAAP in the United States of America, and are presented in accordance with finance-related legal and contractual provisions.

   Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations.

6. For the year ended June 30, 2022, expenditures exceeded budgeted appropriations, as follows:

| Fund or Department | Excess |
|---|---|
| General fund: | |
| General government | $ 145 |
| Public Safety: | |
| Police | 104,746 |
| Fire | 1,119 |
| Public works | 82,759 |
| Debt Service: | |
| Principal Retirement | 6,711 |
| Interest and Fiscal Charges | 1,469 |
| ARPA Fund: | |
| Transfers out | 200,000 |

These over-expenditures were funded by under-expenditures in other departments.

## NOTE 4. DEPOSITS AND INVESTMENTS

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

| | |
|---|---|
| As reported in the Statement of Net Position: | |
| Primary government: | |
| Cash and cash equivalents | $ 554,135 |
| Restricted cash and cash equivalents | 3,257,757 |
| Investments | 608,076 |
| Component unit: | |
| Cash and cash equivalents | 93,436 |
| As reported in the Statement of Fiduciary Net Position: | |
| Custodial fund: | |
| Cash and cash equivalents | 46,465 |
| | $ 4,559,869 |
| | |
| Cash deposited with financial institutions | $ 3,951,793 |
| Cash deposited with Georgia Fund 1 | 608,076 |
| | $ 4,559,869 |

**Credit Risk.** State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The local government investment pool, Georgia Fund 1, is operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities, bankers' acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in Georgia Fund 1 is valued at fair value. As of June 30, 2022, the investment in Georgia Fund 1 was rated AAAf by Standard & Poor's.

At June 30, 2022, the City had the following investments:

| Investments | Maturities | Fair Value |
|---|---|---|
| Georgia Fund 1 | 43-day weighted average | $ 608,076 |

## NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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

**Custodial Credit Risk – Deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2022, the City did not have any balances exposed to custodial credit risk as uninsured and uncollateralized.

**Fair Value Measurements.** The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. Additionally, certificates of deposit are not subject to the fair value level disclosures. As a result, the City does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy.

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

## NOTE 5. RECEIVABLES

Property taxes attach as an enforceable lien on property as of January 1. Assessed values are 40% of market value and are based on current property value. The property tax levy date is September 15, 2021. The City Clerk opened the books for payment of taxes on October 15, 2021 and they remained open until December 20, 2021. The City bills and collects its own property taxes based on the Turner County tax valuation in the tax digest approved by the State of Georgia. Collections of property taxes are made throughout the year, with the majority being collected in December. City property tax revenues are recognized when levied to the extent that they result in current receivables.

## NOTE 5. RECEIVABLES (CONTINUED)

Property taxes levied for the year ended June 30, 2022, are recorded as receivables, net of estimated uncollectibles. In the governmental funds, the net receivables collected during the year ended June 30, 2022, and expected to be collected by August 31, 2022, are recognized as revenues for the year ended June 30, 2022, whereas, net receivables estimated to be collectible subsequent to August 31, 2022, are recorded as revenue when received. Receivables at June 30, 2022, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | General | Water and Sewer | Natural Gas | Nonmajor Governmental Funds |
|---|---|---|---|---|
| Receivables: | | | | |
| Taxes | $ 144,590 | $ - | $ - | $ 9,115 |
| Accounts | 296,746 | 768,476 | 494,423 | - |
| Due from other governments | 23,163 | - | - | 72,947 |
| Gross receivables | 464,499 | 768,476 | 494,423 | 82,062 |
| Less allowance for uncollectible | (16,073) | (2,800) | (2,000) | - |
| Net total receivables | $ 448,426 | $ 765,676 | $ 492,423 | $ 82,062 |

## NOTE 6. CAPITAL ASSETS

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

### Primary Government

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 237,366 | $ - | $ - | $ - | $ 237,366 |
| Construction in progress | 944,397 | 295,145 | - | (1,239,542) | - |
| Total | 1,181,763 | 295,145 | - | (1,239,542) | 237,366 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 1,743,605 | - | - | 1,239,542 | 2,983,147 |
| Infrastructure | 1,166,813 | - | - | - | 1,166,813 |
| Machinery and equipment | 1,424,723 | - | - | - | 1,424,723 |
| Vehicles | 1,834,276 | - | - | - | 1,834,276 |
| Total | 6,169,417 | - | - | 1,239,542 | 7,408,959 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 419,994 | 37,059 | - | - | 457,053 |
| Infrastructure | 411,076 | 23,109 | - | - | 434,185 |
| Machinery and equipment | 854,553 | 57,902 | - | - | 912,455 |
| Vehicles | 1,459,974 | 63,021 | - | - | 1,522,995 |
| Total | 3,145,597 | 181,091 | - | - | 3,326,688 |
| Total capital assets, being depreciated, net | 3,023,820 | (181,091) | - | 1,239,542 | 4,082,271 |
| Governmental activities capital assets, net | $ 4,205,583 | $ 114,054 | $ - | $ - | $ 4,319,637 |

## NOTE 6. CAPITAL ASSETS (CONTINUED)

### Primary Government (Continued)

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Business-type activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 24,600 | $ - | $ - | $ - | $ 24,600 |
| Construction in progress | - | 51,676 | - | - | 51,676 |
| Total | 24,600 | 51,676 | - | - | 76,276 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 318,005 | - | - | - | 318,005 |
| Improvements other than buildings | 11,778,926 | - | - | - | 11,778,926 |
| Machinery and equipment | 3,756,882 | - | - | - | 3,756,882 |
| Furniture and fixtures | 1,929 | - | - | - | 1,929 |
| Total | 15,855,742 | - | - | - | 15,855,742 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 241,511 | 3,732 | - | - | 245,243 |
| Improvements other than buildings | 5,276,115 | 219,311 | - | - | 5,495,426 |
| Machinery and equipment | 1,889,899 | 54,862 | - | - | 1,944,761 |
| Furniture and fixtures | 1,929 | - | - | - | 1,929 |
| Total | 7,409,454 | 277,905 | - | - | 7,687,359 |
| Total capital assets, being depreciated, net | 8,446,288 | (277,905) | - | - | 8,168,383 |
| Business-type activities capital assets, net | $ 8,470,888 | $ (226,229) | $ - | $ - | $ 8,244,659 |

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 882 |
| Judicial | 8,187 |
| Public safety | 109,480 |
| Public works | 46,699 |
| Culture and recreation | 15,843 |
| Total depreciation expense - governmental activities | $ 181,091 |
| | |
| Business-type activities: | |
| Water and sewer | $ 259,940 |
| Natural gas | 17,965 |
| Total depreciation expense - business-type activities | $ 277,905 |

## NOTE 6. CAPITAL ASSETS (CONTINUED)

### Component Unit

*Downtown Development Authority*

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land | $ 46,956 | $ 2,000 | $ (30,880) | $ - | $ 18,076 |
| Total | 46,956 | 2,000 | (30,880) | - | 18,076 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 29,900 | - | - | - | 29,900 |
| Total | 29,900 | - | - | - | 29,900 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 8,971 | 747 | - | - | 9,718 |
| Total | 8,971 | 747 | - | - | 9,718 |
| Total capital assets, being depreciated, net | 20,929 | (747) | - | - | 20,182 |
| Downtown Development Authority capital assets, net | $ 67,885 | $ 1,253 | $ (30,880) | $ - | $ 38,258 |

## NOTE 7. LONG-TERM DEBT

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Financed purchases from direct borrowing | $ 1,130,772 | $ - | $ 165,340 | $ 965,432 | $ 154,246 |
| Compensated absences | 36,952 | 55,778 | 59,955 | 32,775 | 32,775 |
| Net pension liability | 361,662 | 302,347 | 566,495 | 97,514 | - |
| Governmental activity Long-term liabilities | $ 1,529,386 | $ 358,125 | $ 791,790 | $ 1,095,721 | $ 187,021 |
| **Business-type activities:** | | | | | |
| Financed purchase from direct borrowing | $ 258,495 | $ - | $ 86,242 | $ 172,253 | $ 88,998 |
| Revenue Bonds | 3,415,000 | 2,713,000 | 271,027 | 5,856,973 | 485,553 |
| Add deferred amounts Unamortized premiums | 19,389 | - | 1,616 | 17,773 | - |
| Notes payable | 1,333,734 | 51,676 | 89,784 | 1,295,626 | 76,339 |
| Compensated absences | 6,638 | 10,650 | 7,685 | 9,603 | 9,603 |
| Net pension liability | 79,134 | 61,927 | 116,030 | 25,031 | - |
| Business-type activity Long-term liabilities | $ 5,112,390 | $ 2,837,253 | $ 572,384 | $ 7,377,259 | $ 660,493 |

For the governmental activities, financed purchases, compensated absences, and net pension liability are generally liquidated by the General Fund.

For the business-type activities, financed purchases, compensated absences and net pension liability are generally liquidated by the respective proprietary funds.

**Finance purchase agreements.** The City has entered into several financed purchase agreements for financing the acquisition of various equipment. The agreements qualify as finance purchase agreements for accounting purposes (titles transfer at the end of the agreement) and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inceptions.

## NOTE 7. LONG-TERM DEBT (CONTINUED)

**Finance purchase agreements (Continued).** Annual debt service requirements to maturity for these financed purchases are as follows:

| Fiscal Year Ending June 30, | Governmental Activities | | | Business-Type Activites | | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | $ 154,246 | $ 25,152 | $ 179,398 | $ 88,998 | $ 4,174 | $ 93,172 |
| 2024 | 147,003 | 20,761 | 167,764 | 83,255 | 1,330 | 84,585 |
| 2025 | 132,786 | 16,597 | 149,383 | - | - | - |
| 2026 | 130,301 | 12,955 | 143,256 | - | - | - |
| 2027 | 108,523 | 9,245 | 117,768 | - | - | - |
| 2028 – 2032 | 292,573 | 10,277 | 302,850 | - | - | - |
| Total | $ 965,432 | $ 94,987 | $ 1,060,419 | 172,253 | 5,504 | 177,757 |

**Notes Payable.** The City has incurred debt to the Georgia Environmental Finance Authority ("GEFA") for various water and sewer system projects. This note is as follows at June 30, 2022:

| Original Amount | Interest Rate | Term | Outstanding Amount |
|---|---|---|---|
| $ 542,705 | 3.31% | 20 years | $ 434,829 |
| 1,136,000 | 1.82% | 20 years | 824,275 |
| 1,680,000 | N/A | N/A | 27,087 |
| 1,122,000 | N/A | N/A | 9,435 |
| | | | $ 1,295,626 |

## NOTE 7. LONG-TERM DEBT (CONTINUED)

**Notes Payable (Continued).** The annual requirements to pay the outstanding note are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 76,339 | $ 28,604 | $ 104,943 |
| 2024 | 78,091 | 26,850 | 104,941 |
| 2025 | 79,890 | 25,053 | 104,943 |
| 2026 | 81,732 | 23,211 | 104,943 |
| 2027 | 83,621 | 21,322 | 104,943 |
| 2028 – 2032 | 448,159 | 77,033 | 525,192 |
| 2033 – 2037 | 411,272 | 33,165 | 444,437 |
| Total | $ 1,259,104 | $ 235,238 | $ 1,494,342 |

### Revenue Bonds

Revenue bonds outstanding at June 30, 2022, are as follows:

| Series | Purpose | Interest Rate | Term | Due Date | Original Amount | Balance at June 30, 2022 |
|---|---|---|---|---|---|---|
| 2012 Series | Provide Funds to City to Retire Water/Sewer Debts | 3.50% | 20 years | July 2032 | $ 5,085,000 | $ 3,175,000 |
| 2022 Series | Provide Funds to City to Retire Water/Sewer Debts | 2.17% | 10 years | July 2032 | 2,713,000 | 2,681,973 |
| | | | | | | $ 5,856,973 |

During the year ended June 30, 2012, Combined Utility Revenue Bonds Series 2012 were issued to pay off the Water and Sewer Fund loan payable to the GEFA. The Revenue Bonds will fund a project for the City to produce electrical power through solar energy sufficient to provide energy for the operation of certain facilities of the City's water department.

During the year ended June 30, 2022, Combined Utility Revenue Bonds Series 2022 were issued to pay off the Water and Sewer Fund 2012 Series bonds. The bonds consist of 123 monthly payments of $24,700. The annual interest rate is 2.17%. The refunding reduced its total debt service payments by $186,195. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $98,895.

## NOTE 7. LONG-TERM DEBT (CONTINUED)

### Revenue Bonds (Continued)

Revenue bond debt service requirements to maturity are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 485,553 | $ 157,110 | $ 642,663 |
| 2024 | 500,828 | 144,336 | 645,164 |
| 2025 | 511,218 | 131,220 | 642,438 |
| 2026 | 526,727 | 117,762 | 644,489 |
| 2027 | 537,356 | 103,786 | 641,142 |
| 2028 – 2032 | 2,930,637 | 278,564 | 3,209,201 |
| 2033 | 364,654 | 5,995 | 370,649 |
| | $ 5,856,973 | $ 938,773 | $ 6,795,746 |

## NOTE 8. INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

The City had the following interfund balances as of June 30, 2022:

| | Payable Fund | | |
|---|---|---|---|
| | Water and Sewer Fund | Nonmajor Governmental Funds | Total |
| **Receivable Fund:** | | | |
| General Fund | $ 592,995 | $ 6,774 | $ 599,769 |
| Total | $ 592,995 | $ 6,774 | $ 599,769 |

## NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Advances to and from balances as of June 30, 2022 are as follows:

| | Advance From | | |
|---|---|---|---|
| Advance To | SPLOST | TSPLOST | Total |
| General | $ 387,524 | $ 229,282 | $ 616,806 |
| Total | $ 387,524 | $ 229,282 | $ 616,806 |

Advances are long term in nature and are not expected to be repaid within one year.

Interfund transfers recorded and transacted during the year ended June 30, 2022, are as follows:

| | Transfers Out | | | | |
|---|---|---|---|---|---|
| Transfers In | General Fund | ARPA Fund | Natural Gas Fund | Nonmajor Governmental Funds | Total |
| General Fund | $ - | $ 200,000 | $ 717,085 | $ 119,574 | $ 1,036,659 |
| Water and Sewer Fund | 100 | - | - | - | 100 |
| Nonmajor Governmental Funds | - | - | - | 10,898 | 10,898 |
| Total | $ 100 | $ 200,000 | $ 717,085 | $ 130,472 | $ 1,047,657 |

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

## NOTE 9. PENSION PLAN

### A. Plan Description

The City, as authorized by the City Council, has established a non-contributory defined benefit pension plan, The City of Ashburn Retirement Plan, the ("Plan"), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association ("GMA"). The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

*Plan Membership.* As of January 1, 2022, pension plan membership consisted of the following:

| | |
|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 40 |
| Inactive plan members entitled to, but not receiving benefits | 40 |
| Active plan members | 62 |
| Total | 142 |

*Contributions.* The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of Plan members, as determined by the City Council. City contributions to the Plan were $96,634 for the year ended June 30, 2022.

## NOTE 9. PENSION PLAN (CONTINUED)

### B. Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2021.

*Actuarial Assumptions*. The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the gender-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – June 30, 2019.

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.

## NOTE 9. PENSION PLAN (CONTINUED)

### B. Net Pension Liability of the City (Continued)

*Actuarial Assumptions* (Continued). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021, are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return* |
|---|---|---|
| Domestic equity | 45% | 6.55% |
| International equity | 20% | 7.30 |
| Domestic fixed income | 20% | 0.40 |
| Real estate | 10% | 3.65 |
| Global fixed income | 5% | 0.50 |
| Cash | - % | |
| Total | 100% | |

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

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

## NOTE 9. PENSION PLAN (CONTINUED)

### B. Net Pension Liability of the City (Continued)

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

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
|---|---|---|---|
| **Beginning Balance As Restated** | $ 2,964,213 | $ 2,523,417 | $ 440,796 |
| **Changes for the year:** | | | |
| Service cost | 42,877 | - | 42,877 |
| Interest | 212,128 | - | 212,128 |
| Differences between expected and actual experience | 93,875 | - | 93,875 |
| Contributions - employer | - | 85,696 | (85,696) |
| Net investment income | - | 596,828 | (596,828) |
| Benefit payments, including refunds of employee contributions | (261,547) | (261,547) | - |
| Administrative expense | - | (15,393) | 15,393 |
| **Net changes** | 87,333 | 405,584 | (318,251) |
| **Ending Balance** | $ 3,051,546 | $ 2,929,001 | $ 122,545 |

The required Schedule of Changes in the City's Net Pension Liability and Related Ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

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

| | 1% Decrease (6.375%) | Current Discount Rate (7.375%) | 1% Increase (8.375%) |
|---|---|---|---|
| City's net pension liability | $ 434,266 | $ 122,545 | $ (139,026) |

## NOTE 9. PENSION PLAN (CONTINUED)

### B. Net Pension Liability of the City (Continued)

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

### C. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the City recognized pension expense of $32,415. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net difference between projected and actual earnings on pension plan investments | $ - | $ 332,402 |
| Differences between expected and actual experience | 111,077 | 22,118 |
| Changes in actuarial assumptions | 26,570 | - |
| City contributions subsequent to the measurement date | 96,634 | - |
| Total | $ 234,281 | $ 354,520 |

City contributions subsequent to the measurement date of $96,634 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | |
|---|---|
| 2023 | $ (35,065) |
| 2024 | (27,326) |
| 2025 | (70,927) |
| 2026 | (83,555) |
| Total | $ (216,873) |

## NOTE 10. DEFINED CONTRIBUTION PLAN

The City has a 401A defined contribution plan administered by the GMA. The City contributes $5.00 per week per employee. The total amount contributed by the City to the 401A defined contribution plan was $780. The employees contributed $1,300 to their 457B deferred compensation plan. The City has the sole authority of amending and changing the provisions of the Plan.

## NOTE 11. CONTINGENCIES

### Grant Contingencies

The City participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At June 30, 2022, there were no known amounts questioned or earmarked for disallowance. Based upon prior experience, management of the City believes such disallowances, if any, will not have a material effect on any individual governmental fund or the overall financial position of the City.

### Litigation

As is the ordinary course of city government, the City is the defendant in several lawsuits in the nature of civil violations, claims for damages to persons and property and other similar types of suits. Liability, if any, which might result from these proceedings, would not, in the opinion of the management and the City Council, have a material adverse effect on the financial position of the City.

## NOTE 12. RISK MANAGEMENT

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

## NOTE 12. RISK MANAGEMENT (CONTINUED)

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

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

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

## NOTE 13. RELATED ORGANIZATIONS

The City's governing body is responsible for all of the board appointments of the Ashburn Housing Authority. However, the City has no further accountability for this organization. In the year ended June 30, 2022, the City did not provide any contributions to the Ashburn Housing Authority.

## NOTE 14. JOINT VENTURES

**Southern Georgia Regional Commission**

Under Georgia Law, the City, in conjunction with other cities and counties in the ten-county south Georgia area, is a member of the Southern Georgia Regional Commission and is required to pay annual dues thereto. During the year ended June 30, 2022, the City paid $4,781 in such dues. Membership in the Commission is required by the O.C.G.A. §50-8-34 which provides for the organizational structure of Regional Commissions ("RCs") in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the Southern Georgia Regional Commission, P.O. Box 1223, Valdosta, Georgia 31603.

## NOTE 14. JOINT VENTURES (CONTINUED)

**E-911 Services**

The City entered into an agreement with Turner County, Georgia (the "County") to contract with the County for the provision of E-911 Services to the City by the County. In exchange for the provision of the E-911 Services, the City paid $124,948 during the year to assist with general operating expenses.

## NOTE 15. HOTEL/MOTEL LODGING TAX

The City has committed 60% of the first 5% of the taxes collected to the Chamber of Commerce for the promotion of tourism. The City has also committed 50% of the remaining 3% of the taxes collected to the Authority. Revenues collected during the fiscal year ended June 30, 2022, were $86,392. Management represents that 100% of the lodging tax received during the year ended June 30, 2022, was used for the promotion of tourism, conventions or trade shows.

## NOTE 16. SUBSEQUENT EVENTS

On September 13, 2023, the City Council voted to increase the base charge for water utilities from $14.00 to $21.00, as recommended by the Georgia Environmental Finance Authority.

# REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF ASHBURN, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
## AND RELATED RATIOS
## FOR THE FISCAL YEAR ENDED JUNE 30,

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Total pension liability** | | | | | |
| Service cost | $ 42,877 | $ 41,676 | $ 47,472 | $ 52,235 | $ 45,420 |
| Interest on total pension liability | 212,128 | 207,015 | 209,443 | 210,096 | 207,553 |
| Differences between expected and actual experience | 93,875 | 81,340 | (88,471) | (15,581) | 18,987 |
| Changes of assumptions | - | - | - | - | 44,451 |
| Benefit payments, including refunds of employee contributions | (261,547) | (262,260) | (246,776) | (254,612) | (236,313) |
| Other Changes | - | - | 106,279 | - | - |
| **Net change in total pension liability** | 87,333 | 67,771 | 27,947 | (7,862) | 80,098 |
| **Total pension liability - beginning** | 2,964,213 | 2,896,442 | 2,868,495 | 2,876,357 | 2,796,259 |
| **Total pension liability - ending (a)** | 3,051,546 | 2,964,213 | 2,896,442 | 2,868,495 | 2,876,357 |
| **Plan fiduciary net position** | | | | | |
| Contributions - employer | 85,696 | 92,937 | 96,024 | 87,123 | 86,228 |
| Net investment income | 596,828 | 230,090 | 70,324 | 242,449 | 338,163 |
| Benefit payments, including refunds of member contributions | (261,547) | (262,260) | (246,776) | (254,612) | (236,313) |
| Administrative expenses | (15,393) | (13,971) | (14,076) | (15,049) | (16,127) |
| **Net change in plan fiduciary net position** | 405,584 | 46,796 | (94,504) | 59,911 | 171,951 |
| **Plan fiduciary net position - beginning** | 2,523,417 | 2,476,621 | 2,571,125 | 2,511,214 | 2,339,263 |
| **Plan fiduciary net position - ending (b)** | 2,929,001 | 2,523,417 | 2,476,621 | 2,571,125 | 2,511,214 |
| **City's net pension liability (asset) - ending (a) - (b)** | $ 122,545 | $ 440,796 | $ 419,821 | $ 297,370 | $ 365,143 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 95.98% | 85.13% | 85.51% | 89.63% | 87.31% |
| **Covered-employee payroll** | $ 1,870,869 | $ 1,764,795 | $ 1,661,816 | $ 1,505,817 | $ 1,703,817 |
| **Net pension liability as a percentage of covered-employee payroll** | 6.55% | 24.98% | 25.26% | 19.75% | 21.43% |

**Notes to the Schedule:**

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

# CITY OF ASHBURN, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CITY CONTRIBUTIONS
## FOR THE FISCAL YEAR ENDED JUNE 30,

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Actuarially determined contribution | $ 96,634 | $ 85,696 | $ 92,937 | $ 96,024 | $ 87,123 |
| Contributions in relation to the actuarially determined contribution | 96,634 | 85,696 | 92,937 | 96,024 | 87,123 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Covered-employee payroll | $ 1,817,832 | $ 2,146,725 | $ 2,069,945 | $ 1,505,817 | $ 1,703,817 |
| Contributions as a percentage of covered-employee payroll | 5.32% | 3.99% | 4.49% | 6.38% | 5.11% |

**Notes to the Schedule:**

| | |
|---|---|
| Valuation Date | January 1, 2022 |
| Cost Method | Projected Unit Credit |
| Actuarial Asset Valuation Method | Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts 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. |
| Assumed Rate of Return on investments | 7.375% |
| Projected Salary Increases | 2.25%, plus service based merit increases |
| Cost-of-living Adjustment | 0%. |
| Amortization Method | Closed level dollar for remaining unfunded liability |
| Remaining Amortization Period | Varies for the bases, with a net effective amortization period of 10 years |

**Notes to the Schedule:**

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

# SUPPLEMENTARY INFORMATION

# NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

**Hotel/Motel Fund** – This fund is used to account for the City's revenues and expenditures related to the hotel lodging tax levied during the year. The City collects lodging fees for the promotion of tourism, conventions, or trade shows.

**Nutrition Program Fund** – This fund is used to account for providing meals to the elderly and is state funded.

**Seized Assets Fund** – This fund is used to account for the collection and use of funds seized from convicted offenders.

**City Tourism Fund** – This fund is used to account for the provision of tourism and is split between the Ashburn-Turner County Chamber of Commerce and the Downtown Development Authority.

**Community Home Investment Program ("CHIP") Fund** – This fund accounts for money received from the state to provide safe, decent, and affordable housing in Georgia.

## Capital Projects Funds

The **Special Purpose Local Option Sales Tax ("SPLOST") Fund** – This fund is used to account for financing and construction of facilities and improvements in accordance with a sales tax referendum associated with the years 2017 through 2022.

The **Transportation Special Purpose Local Option Sales Tax ("T-SPLOST") Fund** – This fund is used to account for financing and construction of transportation improvements in accordance with a sales tax referendum beginning January 2013 through December 2022.

The **Local Maintenance and Improvement Grant ("LMIG") Fund** – This fund accounts for revenues from the State of Georgia, Department of Transportation for road improvements.

# CITY OF ASHBURN, GEORGIA

## COMBINING BALANCE SHEET
## NONMAJOR GOVERNMENTAL FUNDS
## JUNE 30, 2022

| | Special Revenue Funds | | | | |
|---|---|---|---|---|---|
| | Hotel/Motel Fund | Nutrition Program Fund | Seized Assets Fund | City Tourism Fund | CHIP Fund |
| **ASSETS** | | | | | |
| Cash | $ - | $ - | $ 548 | $ - | $ - |
| Taxes receivables | 9,115 | - | - | - | - |
| Due from other governments | - | - | - | - | - |
| Advance to other funds | - | - | - | - | - |
| Total assets | $ 9,115 | $ - | $ 548 | $ - | $ - |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| **LIABILITIES** | | | | | |
| Accounts payable | $ 9,114 | $ - | $ - | $ - | $ - |
| Accrued expense | - | 433 | - | - | - |
| Due to other funds | 6,774 | - | - | - | - |
| Total liabilities | 15,888 | 433 | - | - | - |
| **FUND BALANCES (DEFICIT)** | | | | | |
| Nonspendable: | | | | | |
| Long-term interfund advances | - | - | - | - | |
| Restricted for: | | | | | |
| Law enforcement purposes | - | - | 548 | - | - |
| Capital projects | - | - | - | - | - |
| Unassigned | (6,773) | (433) | - | - | - |
| Total fund balances (deficits) | (6,773) | (433) | 548 | - | - |
| Total liabilities and fund balances (deficits) | $ 9,115 | $ - | $ 548 | $ - | $ - |

| Capital Projects Funds | | | |
|---|---|---|---|
| SPLOST Fund | T-SPLOST Fund | LMIG Fund | Total Nonmajor Governmental Funds |
| $ - | $ - | $ - | $ 548 |
| - | - | - | 9,115 |
| 67,369 | 5,578 | - | 72,947 |
| 387,524 | 229,282 | - | 616,806 |
| $ 454,893 | $ 234,860 | $ - | $ 699,416 |
| | | | |
| $ - | $ - | $ - | $ 9,114 |
| - | - | - | 433 |
| - | - | - | 6,774 |
| - | - | - | 16,321 |
| | | | |
| 387,524 | 229,282 | - | 616,806 |
| - | - | - | 548 |
| 67,369 | 5,578 | - | 72,947 |
| - | - | - | (7,206) |
| 454,893 | 234,860 | - | 683,095 |
| | | | |
| $ 454,893 | $ 234,860 | $ - | $ 699,416 |

# CITY OF ASHBURN, GEORGIA

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

| | Special Revenue Funds | | | | |
|---|---|---|---|---|---|
| | Hotel/Motel Fund | Nutrition Program Fund | Seized Assets Fund | City Tourism Fund | CHIP Fund |
| **Revenues** | | | | | |
| Taxes | $ 86,392 | $ - | $ - | $ - | $ - |
| Intergovernmental | - | 51,554 | - | - | - |
| Other revenues | - | - | 1,513 | - | 111,614 |
| Total revenues | 86,392 | 51,554 | 1,513 | - | 111,614 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| Public safety | - | - | 29,022 | - | - |
| Community development | 44,869 | - | - | 10,545 | 111,614 |
| Health and welfare | - | 58,055 | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 44,869 | 58,055 | 29,022 | 10,545 | 111,614 |
| Excess (deficiency) of revenues over (under) expenditures | 41,523 | (6,501) | (27,509) | (10,545) | - |
| **Other financing sources (uses)** | | | | | |
| Transfers in | - | - | - | 10,898 | - |
| Transfers out | (48,296) | (5,494) | - | (22,537) | - |
| Total other financing sources (uses) | (48,296) | (5,494) | - | (11,639) | - |
| Net change in fund balances | (6,773) | (11,995) | (27,509) | (22,184) | - |
| **Fund balances, beginning of year** | - | 11,562 | 28,057 | 22,184 | - |
| **Fund balances, end of year** | $ (6,773) | $ (433) | $ 548 | $ - | $ - |

| Capital Projects Funds | | | |
|---|---|---|---|
| SPLOST Fund | T-SPLOST Fund | LMIG Fund | Total Nonmajor Governmental Funds |
| $ - | $ - | $ - | $ 86,392 |
| 388,742 | 75,079 | 58,859 | 574,234 |
| - | - | - | 113,127 |
| 388,742 | 75,079 | 58,859 | 773,753 |
| | | | |
| - | - | - | 29,022 |
| - | - | - | 167,028 |
| - | - | - | 58,055 |
| 66,514 | - | 58,084 | 124,598 |
| 158,629 | - | - | 158,629 |
| 28,875 | - | - | 28,875 |
| 254,018 | - | 58,084 | 566,207 |
| 134,724 | 75,079 | 775 | 207,546 |
| - | - | - | 10,898 |
| - | - | (54,145) | (130,472) |
| - | - | (54,145) | (119,574) |
| 134,724 | 75,079 | (53,370) | 87,972 |
| 320,169 | 159,781 | 53,370 | 595,123 |
| $ 454,893 | $ 234,860 | $ - | $ 683,095 |

# CITY OF ASHBURN, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| No. | Project | Original Estimated Cost | Current Estimated Cost | Prior Years | Current Year | Total |
|---|---|---|---|---|---|---|
| | | | | 2017 Referendum | | |
| 1 | Street and sidewalk improvement | $ 307,800 | $ 308,000 | $ 314,161 | $ - | $ 314,161 |
| 2 | Water, sewage and drainage | 150,120 | 243,000 | 253,360 | - | 253,360 |
| 3 | Construction, expansion and equipping of and improvements to City buildings and facilities | 550,260 | 802,000 | 840,852 | - | 840,852 |
| 4 | Construction, improvements, and equipping of the City of Ashburn Park facilities | 150,120 | 150,120 | 149,833 | - | 149,833 |
| 5 | Rolling stock and capital equipment | 839,700 | 1,088,000 | 1,512,129 | 254,018 | 1,766,147 |
| | | $ 1,998,000 | $ 2,591,120 | $ 3,070,335 | $ 254,018 | $ 3,324,353 |

# COMPLIANCE SECTION

MAULDIN & JENKINS

CPAs & ADVISORS

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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashburn, Georgia (the "City"), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 10, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2022-001 through 2022-002 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2022-003.

**City of Ashburn, Georgia's Response to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

**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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
April 10, 2025

# CITY OF ASHBURN, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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## SECTION I
## SUMMARY OF AUDIT RESULTS

### *Financial Statements*

| | |
|---|---|
| Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP. | Unmodified |
| Internal control over financial reporting: Material weaknesses identified? | __X__ Yes _____ None Reported |
| Significant deficiencies identified not considered to be material weaknesses? | _____ Yes __X__ None Reported |
| Noncompliance material to financial statements noted? | __X__ Yes _____ No |

### *Federal Awards*

There was not an audit of major federal award programs due to the total amount expended on federal programs being less than $750,000.

# CITY OF ASHBURN, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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## SECTION II
## FINANCIAL STATEMENT FINDINGS AND RESPONSES

### 2022-001 – General Accounting Matters/Close-Out Procedures

**Criteria:** Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable (and available). Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

**Condition**: During our audit, we noted an inordinate amount of accounting, reporting and reconciling was not properly performed and reviewed during the fiscal year which required a significant effort to close the City's 2022 fiscal year. Also during our audit, we noted the prior year trial balances did not agree to the prior year issued financial statements.

Significant adjustments were determined and required to be recorded in the months that followed June 30, 2022. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis. We noted deficiencies in timeliness, completeness, and accuracy. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

- to prepare bank reconciliations promptly for all accounts;
- to properly record inventory,
- to properly maintain the receivables on a periodic basis throughout the year;
- to properly maintain the payables and other liabilities on a periodic basis throughout the year;
- to properly record accrued payroll and compensated absences,
- to accurately maintain and record the City's capital assets throughout the year;
- to properly maintain general ledgers, subsidiary ledgers, and related reconciliations; and
- to close-out and report activities, events and transactions on a periodic basis.

We believe it important to note that we observed genuine interest by the City's accounting personnel in their desire to learn and assume greater responsibilities for the City's accounting and financial reporting and noticed great improvement subsequent to the current year's audit.

**Context:** We addressed the matter with the City to determine the appropriate actions are taken so as to properly complete general accounting matters/close-out procedures at June 30, 2022.

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

### 2022-001 – General Accounting Matters/Close-Out Procedures (Continued)

**Effect:** The ultimate effect of the above condition is the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

**Cause:** There was a lack of appropriate controls implemented at the City during the fiscal year to properly maintain financial and non-financial information and to properly close-out the year-end.

**Recommendation:** We recommend the City consider a variety of options to addressing the above condition. In no particular order, the City needs to look at the respective staffing of the accounting function, and determine if an adequate number of staff are currently available to address the condition. The City also needs to consider and evaluate its strengths and weaknesses relative to the accounting function, and take measures to address the concerns noted above with a goal of providing timely recording, reconciling and reporting of City operations and financial and non-financial activities. We also recommend the City seek the expertise of a technician to come in and diagnose the issues with the City's accounting software related to the accounts payable and capital assets to improve the overall audit.

**Views of Responsible Officials and Planned Corrective Action:** We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

### 2022-002 – Segregation of Duties

**Criteria:** Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

**Condition:** Appropriate segregation of duties does not exist among recording, distribution, reconciliation of cash accounts and other operational functions in various areas of City operations.

**Context:** Several instances of overlapping duties were noted during interviews regarding internal control procedures.

**Effect:** Failure to properly segregate duties noted among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

**Cause:** The failure to properly segregate duties is due to the limited number of individuals available in each office to perform each of the duties.

**Recommendation:** The duties of recording, distribution, approving, and reconciliation of accounts should be segregated among employees.

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

**Views of Responsible Officials and Planned Corrective Action:** We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

**2022-003 – Commingling of SPLOST Funds**

**Criteria:** Per O.C.G.A §48-8-121, proceeds received from the Special Purpose Local Option Sales Tax ("SPLOST") and the Transportation Special Purpose Local Option Sales Tax ("TSPLOST") shall be kept in a separate account from other funds of the City and not commingled with other funds.

**Condition:** During our audit, we noted that the proceeds of the SPLOST and TSPLOST were commingled with other City funds. Due to the City's pooled cash environment whereby certain cash balances that are restricted are comingled with other cash balances (restricted and unrestricted), the City has utilized certain restricted resources for sustaining the operations of other unrelated funds and activities (purposes for which such resources are not allowed to be used).

**Context:** We addressed the matter with the City to ensure appropriate action is taken to be in compliance with State law.

**Effect:** SPLOST and TSPLOST collections were commingled with other City funds.

**Cause:** There was a lack of appropriate controls implemented at the City during the fiscal year to ensure that the City was in compliance with State law.

**Recommendation:** We recommend the City open separate accounts for both the SPLOST and TSPLOST collections to ensure funds are not commingled with other City funds.

**View of Responsible Officials:** We concur with the finding. We will continue to improve policies and procedures in an effort to remain in compliance with State law. We will open separate accounts for the SPLOST and TSPLOST collections.

# CITY OF ASHBURN, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

### 2021-001 – Proper Recognition of Cash

**Criteria:** Internal controls should be in place to ensure that all bank accounts belonging to the City are identified and recorded for financial reporting. Additionally, internal controls should be in place to ensure that all reconciled cash balances agree to the general ledger.

**Condition:** During the prior year and current year, the City did not properly record cash balances.

**Status:** Unresolved. This is included in current finding number 2022-001.

### 2021-002 – Proper Recognition of Accrued Payroll and Compensated Absences

**Criteria:** Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

**Condition:** During the prior year, the City did not properly record accrued payroll and compensated absences balances.

**Status:** Unresolved. This is included in current finding number 2022-001.

### 2021-003 – Proper Recognition of Receivables

**Criteria:** Generally accepted accounting principles and governmental accounts standards require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Additionally, an allowance should be recorded if amounts are deemed to be uncollectible, if applicable.

**Condition:** During the prior year and current year, the City did not record all transactions involving certain receivables and revenue accounts.

**Status:** Unresolved. This is included in current finding number 2022-001.

# CITY OF ASHBURN, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

### 2021-004 – Proper Recognitions of Payables

**Criteria:** Generally accepted accounting principles require timely reporting of all current liabilities when goods have been received or services have been performed, regardless of the timing of the cash related flows.

**Condition:** During the prior year and current year, the City did not properly record payables.

**Status:** Unresolved. This is included in current finding number 2022-001.

### 2021-005 – Proper Recognition of Capital Assets

**Criteria:** Internal controls should be in place to ensure amounts reported for capital assets and related items are appropriate and properly valued and recorded in accordance with generally accepted accounting principles.

**Condition:** During the prior year and current year, the City did not properly recognize capital assets for governmental and business-type activities. Recorded amounts did not agree with fixed asset listings.

**Status:** Unresolved. This is included in current finding number 2022-001.

### 2021-006 – Proper Recognition of Long-Term Debt and Related Items

**Criteria:** Generally accepted accounting principles require long-term obligations to be recorded in the accounting period in which they have occurred.

**Condition:** During our testing of the City's long-term obligations, we noted the City's capital leases, and bonds for governmental and business-type activities were not properly recognized as of June 30, 2019 and June 30, 2020.

**Status:** Partially resolved. This is included in current finding number 2022-001.

### 2021-007 – Proper Recognition of Inventory

**Criteria:** Internal controls should be in place to ensure that inventory listings are properly maintained. Additionally, internal controls should be in place to ensure that listings are reconciled to agree to the general ledger.

**Condition:** During the current year and prior year, the City did not properly record inventory or reconcile inventory to the general ledger.

**Status:** Unresolved. This is included in current finding number 2022-001

# CITY OF ASHBURN, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

### 2021-008 – General Accounting Matters/Close-Out Procedures

**Criteria:** Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable (and available). Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

**Condition**: During our audit, we noted an inordinate amount of accounting, reporting and reconciling was not properly performed and reviewed during the fiscal year which required a significant effort to close the City's 2021 fiscal year. Also during our audit, we noted the prior year trial balances did not agree to the prior year issued financial statements.

Significant adjustments were determined and required to be recorded in the months that followed June 30, 2021. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis. We noted deficiencies in timeliness, completeness, and accuracy. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

- to prepare bank reconciliations in a timely manner for all accounts;
- to properly maintain the accounts payable on a periodic basis throughout the year;
- to accurately maintain and record the City's capital assets; and
- to properly maintain general ledgers, subsidiary ledgers, and related reconciliations.
- to record prior year audit adjustments

**Status:** Unresolved. This is included in current finding number 2022-001.

### 2021-009 – Segregation of Duties

**Criteria:** Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

**Condition:** Appropriate segregation of duties does not exist among recording, distribution, reconciliation of cash accounts and other operational functions in various areas of City operations.

**Status:** Unresolved. This is included in current finding number 2022-002.