# CITY OF BAXLEY, GEORGIA

# ANNUAL FINANCIAL REPORT

# FOR THE YEAR ENDED SEPTEMBER 30, 2023

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HARRIS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Baxley, Georgia

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Baxley, Georgia, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Baxley, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Baxley, Georgia, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

### 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement



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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 generally accepted 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 of Baxley, Georgia'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 of Baxley, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Baxley, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and 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 February 5, 2024, on our consideration of the City of Baxley, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Baxley, Georgia'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 Baxley, Georgia's internal control over financial reporting and compliance.**

Harris & Cogsy P.C.

**Jesup, Georgia**
**February 5, 2024**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

# Management's Discussion and Analysis

As Mayor of Baxley, Georgia, I offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2023.

## Financial Highlights

- The City of Baxley's assets exceeded its liabilities at September 30, 2023 by $35,741,894 (net position). Of this amount, $5,070,519 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of September 30, 2023, the City's General Fund revenues and other financing sources (uses) exceeded expenditures by $512,768. This is a 26.70% increase from a 2022 excess of revenues over expenditures of $404,723.
- At September 30, 2023, the City's governmental funds balance sheet reports combined ending fund balances of $12,153,325, an increase of $1,644,286 over the previous fiscal year. Of this amount, $4,798,458 or 39.48% remains in the General Fund of the City as unassigned.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Baxley government's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements which may be of interest to the reader.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business.

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

## Government-wide Financial Statements

Government-wide financial statements are designed to provide the reader with a broad overview of the financial position of the City of Baxley and are similar to private-sector financial statements. The government-wide statements include a statement of net position and a statement of activities.

The statement of net position shows the City's assets less its liabilities at September 30, 2023. The difference between these assets and liabilities is reported as net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position.

The statement of activities follows the statement of net position and presents information showing how the net position changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of the related cash flows. Some included items, such as uncollected taxes will produce changes in a future fiscal period.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities reported in the statements include general government, judicial, public safety, public works, culture and recreation, and housing and development.

The City's statement of net position can be found at Exhibit A of this report.

The City's government-wide statement of activities can be found at Exhibit B of this report.

## Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Baxley, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Baxley can be divided into two categories: (1) governmental funds and (2) proprietary funds.

### *Governmental Funds*

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

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

The City of Baxley maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, 2018 SPLOST, and ARP Special Revenue Fund, which are considered to be major funds, as well as the T-SPLOST fund, and 2012 SPLOST, which are non-major funds. The General Fund is used to account for all activities of the general government not accounted for in some other fund. The SPLOST & TSPLOST funds are used to account for capital projects approved via a referendum. The ARP Fund is special revenue fund used to account for revenues and expenditures related to Coronavirus State and Local Fiscal Recovery Funds received from the Federal Government.

The City adopts an annual appropriated budget for its General Fund and special revenue funds. All unencumbered annual appropriations lapse at fiscal year-end. All encumbered appropriations are carried forward in the following year's budget. Project-length financial plans are adopted for all capital project funds.

The basic governmental fund financial statements can be found on pages 18-22 of this report.

### *Proprietary Funds*

The City of Baxley maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for water and sewer operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and sewer in the proprietary fund financial statements.

### Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28-52 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a budgetary comparison schedule for the General Fund as required supplementary information and can be found at Schedule 1. This report also includes certain required supplementary information concerning the City of Baxley, Georgia's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 53-63.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 65-66 of this report.

The Downtown Development Authority is a component unit of the City of Baxley, Georgia. Information on how to obtain separately issued financial statements for the Authority can be found in Note 1.A on pages 30-31 of this report.

## Net Position

Net position may serve over time as a useful indicator of a government's financial position. As noted earlier, the City's combined net position totaled $35,741,894 as of September 30, 2023.

City of Baxley's Net Position-Exhibit A

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | $ 12,487,491 | $ 11,226,234 | $ 878,440 | $ 1,299,994 | $ 13,365,931 | $ 12,526,228 |
| Capital assets | 13,459,401 | 12,211,214 | 13,283,862 | 13,429,689 | 26,743,263 | 25,640,903 |
| Total assets | 25,946,892 | 23,437,448 | 14,162,302 | 14,729,683 | 40,109,194 | 38,167,131 |
| Deferred Outflows of Resources | 436,133 | 45,079 | 238,441 | 30,248 | 674,574 | 75,327 |
| Long-term liabilities outstanding | 46,765 | 111,620 | 3,379,062 | 3,472,483 | 3,425,827 | 3,584,103 |
| Other liabilities | 886,210 | 373,682 | 729,839 | 281,543 | 1,616,049 | 655,225 |
| Total liabilities | 932,975 | 485,302 | 4,108,901 | 3,754,026 | 5,041,876 | 4,239,328 |
| Deferred Inflows of Resources | - | 422,798 | - | 283,697 | - | 706,495 |
| Net position: | | | | | | |
| Net investment in capital assets | 13,459,401 | 12,143,512 | 9,932,816 | 9,978,653 | 23,392,217 | 22,122,165 |
| Restricted | 7,279,158 | 6,268,741 | | | 7,279,158 | 6,268,741 |
| Unrestricted | 4,711,492 | 4,162,174 | 359,027 | 743,556 | 5,070,519 | 4,905,730 |
| Total net position | $ 25,450,051 | $ 22,574,427 | $ 10,291,843 | $ 10,722,209 | $ 35,741,894 | $ 33,296,636 |

There was an increase of $2,445,258 in net position reported in the City's governmental and business-type activities. Net position for September 30, 2022 was reported at $33,296,638 and September 30, 2023 reports net position at $35,741,894.

The largest portion of the City's net position (65.45%) from governmental and business-type activities reflects its investment in capital assets such as land, buildings, water and sewer system, equipment and roads acquired during the year, net of related debt. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (20.37%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (14.18%) may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the governmental activities.

## Governmental and Business-Type Activities

The following table presents a summary of the changes in net position for the year ended September 30, 2023:

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 1,895,398 | $ 1,610,670 | $ 1,815,412 | $ 1,927,369 | $ 3,710,810 | $ 3,538,039 |
| Operating grants and contributions | 394,027 | 441,218 | | | 394,027 | 441,218 |
| Capital grants and contributions | 890,938 | 2,605,568 | | | 890,938 | 2,605,568 |
| General revenues: | | | | | | |
| Property taxes | 782,495 | 769,614 | | | 782,495 | 769,614 |
| Sales taxes | 3,717,360 | 1,335,130 | | | 3,717,360 | 1,335,130 |
| Franchise taxes | 394,525 | 384,698 | | | 394,525 | 384,698 |
| Alcoholic beverage taxes | 220,880 | 211,616 | | | 220,880 | 211,616 |
| Other taxes | 18,186 | 28,626 | | | 18,186 | 28,626 |
| Other revenues | 40,654 | 65,480 | 7,769 | 4,807 | 48,423 | 70,287 |
| Total revenues | 8,354,463 | 7,452,620 | 1,823,181 | 1,932,176 | 10,177,644 | 9,384,796 |
| Expenses: | | | | | | |
| General government | 926,008 | 847,936 | | | 926,008 | 847,936 |
| Judicial | 15,392 | 17,479 | | | 15,392 | 17,479 |
| Public safety | 1,633,807 | 1,693,313 | | | 1,633,807 | 1,693,313 |
| Public works | 1,934,003 | 1,835,483 | | | 1,934,003 | 1,835,483 |
| Culture and recreation | 23,934 | 23,934 | | | 23,934 | 23,934 |
| Housing and development | 749,813 | 713,988 | | | 749,813 | 713,988 |
| Interest expense | 2,486 | 2,740 | | | 2,486 | 2,740 |
| Water and sewer | | | 2,446,943 | 2,184,438 | 2,446,943 | 2,184,438 |
| Total expenses | 5,285,443 | 5,134,873 | 2,446,943 | 2,184,438 | 7,732,386 | 7,319,311 |
| Increase in net position before transfers | 3,069,020 | 2,317,747 | (623,762) | (252,262) | 2,445,258 | 2,065,485 |
| Transfers | (193,396) | (774,738) | 193,396 | 774,738 | - | - |

## Governmental and Business-Type Activities

The following table presents a summary of the changes in net position for the year ended September 30, 2023 (Continued):

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Changes in net position | $ 2,875,624 | $ 1,543,009 | $ (430,366) | $ 522,476 | $ 2,445,258 | $ 2,065,485 |
| Net position, beginning | 22,574,427 | 21,031,420 | 10,722,209 | 10,199,733 | 33,296,636 | 31,231,153 |
| Net position, ending | $ 25,450,051 | $ 22,574,429 | $ 10,291,843 | $ 10,722,209 | $ 35,741,894 | $ 33,296,638 |

### Governmental Activities

Governmental activities increased the City of Baxley's net position by $2,875,624, or 8.64%, primarily due to the purchase of capital assets during the fiscal year.

### Business-Type Activities

Business-type activities decreased the City's net position by $430,366, or 1.29%

### Financial Analysis of the Government's Funds

As noted earlier, the City of Baxley uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

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

The City of Baxley's governmental fund balance sheet is presented as Exhibit C on page 18 of this report. Most of the City's basic services are included under this fund category. Basic services consist of general government, courts, public safety, streets and sanitation, and airport. The balance sheet's focus is on (1) cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. The governmental funds balance sheet shows the City's overall funds financial status as of September 30, 2023.

The General Fund is the chief operating fund of the City. The General Fund's ending total fund balance was $4,874,167 of which $4,798,458 was unassigned.

**General Fund Budgetary Highlights**

Revenues and expenditures were higher than budgeted, with actual revenues and other uses exceeding expenditures by $512,768. The following are areas where actual expenditures exceeded final budgeted amounts:

| | FINAL BUDGETARY AMOUNT | ACTUAL AMOUNT | VARIANCE WITH FINAL BUDGET |
|---|---|---|---|
| GOVERNMENTAL FUNDS: | | | |
| GENERAL FUND | | | |
| Public Safety | | | |
| Police Department | | | |
| Interdepartmental Charges | 28,000 | 55,269 | 27,269 |
| Fire Department | | | |
| Interdepartmental Charges | - | 152 | 152 |
| Animal Control | | | |
| Interdepartmental Charges | - | 905 | 905 |
| Public Works | | | |
| Highways and Streets | | | |
| Interdepartmental Charges | 5,000 | 21,358 | 16,358 |
| Housing and Development - | | | |
| Airport | | | |
| Capital outlays | 970,000 | 1,032,680 | 62,680 |

The City experienced a budget overage in the Housing and Development department for capital outlays. This can mainly be attributed to higher-than-anticipated costs for maintenance within the department.

**Capital Asset and Debt Administration**

Capital Asset

The City of Baxley's investments in capital assets for its governmental and business-type activities as of September 30, 2023 amounts to $23,392,217 (net of accumulated depreciation and related debt). This investment in capital assets consists of land, improvements, buildings, water and sewer system, and machinery and equipment. The total increase in investment in capital assets for the current fiscal year was $1,270,052 or 5.74%.

Additional information on the City of Baxley's capital assets can be found in Note III.C. on pages 39-40 of this report.

## Long-Term Debt

The City is paying on United States Department of Agriculture (USDA) water revenue bonds, a note payable to Bancorp South and a GEFA note. The General Fund is paying off the Bancorp South loan in the governmental funds and it will be paid off in 2023. The USDA bonds in the water and sewer fund are paid monthly and will be paid off in 2047. The GEFA note in the water and sewer fund is paid monthly and will mature in 2042.

Additional information on the City of Baxley's long-term debt activity can be found in Note III.F. on pages 41-43.

## Future Year Budget Projections

The City will be continuing improvements and projects at the airport, and could incur expenses related to this. The City is also in the process of expending LMIG funds. The City will also continue a major water and sewer extension project that will be paid for using ARP Funds along with an infrastructure grant from the State of Georgia.

## Request for Information

This financial report is designed to provide a general overview of Baxley, Georgia's finances for those with an interest in the Government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Mayor, P.O. Box 290, Baxley, Georgia, 31515, Telephone (912) 367-8300.

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A

CITY OF BAXLEY, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Downtown Development Authority |
| **ASSETS** | | | | |
| Cash | $ 10,470,165 | $ 1,106,844 | $ 11,577,009 | $ 1,844 |
| Receivables (net of allowance for uncollectibles) | 1,245,261 | 220,243 | 1,465,504 | 415 |
| Internal balances | 691,235 | (691,235) | - | |
| Due from component unit | 3,625 | | 3,625 | (3,625) |
| Prepaids | 67,033 | 24,947 | 91,980 | |
| Restricted cash | 10,172 | 217,641 | 227,813 | |
| Capital assets not being depreciated: | | | | |
| Land | 524,441 | 699,072 | 1,223,513 | |
| Construction in progress | 1,305,364 | 467,125 | 1,772,489 | |
| Capital assets, net of accumulated depreciation: | | | | |
| Improvements | 4,691,910 | | 4,691,910 | |
| Buildings | 1,497,079 | 170,766 | 1,667,845 | |
| Water and sewer system | | 11,513,455 | 11,513,455 | |
| Machinery and equipment | 864,881 | 433,444 | 1,298,325 | |
| Infrastructure | 4,575,726 | | 4,575,726 | |
| Net pension obligation | - | - | - | |
| Total assets | 25,946,892 | 14,162,302 | 40,109,194 | (1,366) |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Pension deferrals | 436,133 | 238,441 | 674,574 | |
| Total deferred outflows of resources | 436,133 | 238,441 | 674,574 | |

The notes to the financial statements
are an integral part of this statement

EXHIBIT A

# CITY OF BAXLEY, GEORGIA
## STATEMENT OF NET POSITION
## SEPTEMBER 30, 2023

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Downtown Development Authority |
| **LIABILITIES** | | | | |
| Current liabilities: | | | | |
| Accounts payable and other current liabilities | 297,194 | 190,174 | 487,368 | 1,006 |
| Customers' deposits | | 217,641 | 217,641 | |
| Non-current liabilities: | | | | |
| Due within one year | - | 106,664 | 106,664 | |
| Due in more than one year | - | 3,244,383 | 3,244,383 | |
| Compensated absences | 46,765 | 28,015 | 74,780 | |
| Net pension obligation | 589,016 | 322,024 | 911,040 | |
| Total liabilities | 932,975 | 4,108,901 | 5,041,876 | 1,006 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Pension deferrals | - | - | - | |
| Total deferred inflows of resources | - | - | - | |
| **NET POSITION** | | | | |
| Net investment in capital assets | 13,459,401 | 9,932,816 | 23,392,217 | |
| Restricted for: | | | | |
| Capital projects | 7,279,158 | | 7,279,158 | |
| Unrestricted | 4,711,492 | 359,027 | 5,070,519 | (2,372) |
| Total net position, restated | $ 25,450,051 | $ 10,291,843 | $ 35,741,894 | $ (2,372) |

The notes to the financial statements are an integral part of this statement

EXHIBIT B

# CITY OF BAXLEY, GEORGIA
## STATEMENT OF ACTIVITIES
## FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Primary Government: Business-type Activities | Primary Government: Total | Component Unit: Downtown Development Authority |
|---|---|---|---|---|---|---|---|---|
| Primary Government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | $ 926,008 | $ 742,451 | $ 21,338 | | $ (162,219) | | $ (162,219) | |
| Judiciary | 15,392 | | | | (15,392) | | (15,392) | |
| Public safety | 1,633,807 | 291,402 | 225,799 | | (1,116,606) | | (1,116,606) | |
| Public works | 1,934,003 | 493,436 | 146,890 | $ 37,647 | (1,256,030) | | (1,256,030) | |
| Culture and recreation | 23,934 | | - | | (23,934) | | (23,934) | |
| Housing and development | 749,813 | 368,109 | - | 853,291 | 471,587 | | 471,587 | |
| Interest on long-term debt | 2,486 | | | | (2,486) | | (2,486) | |
| Total governmental activities | 5,285,443 | 1,895,398 | 394,027 | 890,938 | (2,105,080) | | (2,105,080) | |
| Business-type activities- Water and sewer | 2,446,943 | 1,815,412 | | | | $ (631,531) | (631,531) | |
| Total business-type activities | 2,446,943 | 1,815,412 | - | - | | (631,531) | (631,531) | |
| Total primary government | $ 7,732,386 | $ 3,710,810 | $ 394,027 | $ 890,938 | (2,105,080) | (631,531) | (2,736,611) | |
| Component unit - Downtown Development Authority | $ 40,241 | $ 15,370 | $ 23,250 | | | | | $ (1,621) |

The notes to the financial statements are an integral part of this statement

EXHIBIT B

# CITY OF BAXLEY, GEORGIA
## STATEMENT OF ACTIVITIES
## FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Net (Expense) Revenue and Changes in Net Position | | | |
|---|---|---|---|---|
| | Primary Government | | | Component Unit |
| | Governmental Activities | Business-type Activities | Total | Downtown Development Authority |
| Total primary government and component unit net (expense) revenue | $ (2,105,080) | $ (631,531) | $ (2,736,611) | $ (1,621) |
| General revenues: | | | | |
| Property taxes | 782,495 | | 782,495 | |
| Sales taxes for general purposes | 3,717,360 | | 3,717,360 | |
| Franchise taxes | 394,525 | | 394,525 | |
| Alcoholic beverage taxes | 220,880 | | 220,880 | |
| Other taxes | 18,186 | | 18,186 | |
| Unrestricted investment earnings | 18,734 | 7,769 | 26,503 | |
| Miscellaneous revenues | 21,920 | | 21,920 | |
| Total general revenues | 5,174,100 | 7,769 | 5,181,869 | - |
| Increase in net position before transfers | 3,069,020 | (623,762) | 2,445,258 | (1,621) |
| Transfers | (193,396) | 193,396 | - | |
| Change in net position | 2,875,624 | (430,366) | 2,445,258 | (1,621) |
| Net position – beginning, restated | 22,574,427 | 10,722,209 | 33,296,636 | (751) |
| Net position – ending | $ 25,450,051 | $ 10,291,843 | $ 35,741,894 | $ (2,372) |

The notes to the financial statements
are an integral part of this statement

EXHIBIT C

# CITY OF BAXLEY, GEORGIA
## GOVERNMENTAL FUNDS
## BALANCE SHEET
## SEPTEMBER 30, 2023

| | GENERAL | CAPITAL PROJECTS SPLOST 2018 | SPECIAL REVENUE ARP | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash | $ 3,363,145 | $ 4,598,084 | $ 1,629,806 | $ 879,130 | $ 10,470,165 |
| Receivable (net of allowances for uncollectibles) | 205,651 | | | | 205,651 |
| Due from other funds | 691,235 | | | - | 691,235 |
| Intergovernmental receivable | 865,386 | 162,869 | | 11,354 | 1,039,609 |
| Due from component unit | 3,625 | | | | 3,625 |
| Prepaids | 67,033 | | | | 67,033 |
| Restricted cash | 10,172 | | | | 10,172 |
| TOTAL ASSETS | $ 5,206,247 | $ 4,760,953 | $ 1,629,806 | $ 890,484 | $ 12,487,490 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 141,878 | | | $ 2,085 | $ 143,963 |
| Other accruals and deferrals | 153,231 | | | | 153,231 |
| Due to other funds | - | | | | - |
| Total liabilities | 295,109 | - | - | 2,085 | 297,194 |
| Deferred inflows of resources - | | | | | |
| Deferred revenue - property taxes | 36,971 | | | | 36,971 |
| Total deferred inflows of resources | 36,971 | - | - | - | 36,971 |
| Fund Balances: | | | | | |
| Nonspendable - | | | | | |
| Prepaid expenditures | 67,033 | | | | 67,033 |
| Restricted for - | | | | | |
| Capital projects | - | $ 4,760,953 | $ 1,629,806 | 888,399 | 7,279,158 |
| Committed to - | | | | | |
| Public safety | 8,676 | | | | 8,676 |
| Unassigned | 4,798,458 | | | | 4,798,458 |
| Total fund balances | 4,874,167 | 4,760,953 | 1,629,806 | 888,399 | 12,153,325 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | $ 5,206,247 | $ 4,760,953 | $ 1,629,806 | $ 890,484 | $ 12,487,490 |

**The notes to the financial statements are an integral part of this statement**

EXHIBIT D

CITY OF BAXLEY, GEORGIA
RECONCILATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2023

| | | |
|---|---|---|
| Total Governmental Fund Balances | | $ 12,153,325 |
| 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, net of accumulated depreciation of $9,564,345 | | 13,459,400 |
| Other assets are not available to pay for current period expenditures and therefore are deferred in the funds: | | |
| Deferred revenue | | 36,971 |
| Deferred outflows of resources related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level | | 436,133 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | | |
| Compensated absences | ( 46,765) | |
| Net pension asset/(liability) | (589,016) | (635,781) |
| Net Position of Governmental Activities | | $ 25,450,048 |

The notes to the financial statements
are an integral part of this statement

EXHIBIT E

# CITY OF BAXLEY, GEORGIA
## GOVERNMENTAL FUNDS
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
## FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | GENERAL | CAPITAL PROJECTS SPLOST 2018 | SPECIAL REVENUE ARP | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|---|---|
| REVENUES: | | | | | |
| Property taxes | $ 789,102 | | | | $ 789,102 |
| Other taxes | 2,404,937 | | | | 2,404,937 |
| Licenses and permits | 769,372 | | | | 769,372 |
| Intergovernmental revenues | 1,238,520 | $ 1,497,801 | | $ 430,028 | 3,166,349 |
| Charges for services | 834,624 | | | | 834,624 |
| Fines and fees | 212,886 | | | | 212,886 |
| Commissions, penalties and interest | 7,807 | | | | 7,807 |
| Investment income | 18,697 | 37,647 | | 37 | 56,381 |
| Other revenue | 102,970 | | | | 102,970 |
| Total revenues | 6,378,915 | 1,535,448 | - | 430,065 | 8,344,428 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 848,299 | | | | 848,299 |
| Judicial | 15,392 | | | | 15,392 |
| Public safety | 1,489,041 | 42,859 | | | 1,531,900 |
| Public works | 1,796,071 | 295,500 | | | 2,091,571 |
| Culture and recreation | - | | | | - |
| Housing and development | 465,293 | | | | 465,293 |
| Capital outlay: | | | | | |
| General government | - | | | | - |
| Public safety | 113,543 | | | | 113,543 |
| Public works | 92,093 | | | 302,241 | 394,334 |
| Housing and development | 1,032,680 | | | | 1,032,680 |
| Total expenditures | 5,852,412 | 338,359 | - | 302,241 | 6,493,012 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 526,503 | 1,197,089 | - | 127,824 | 1,851,416 |

**The notes to the financial statements are an integral part of this statement**

EXHIBIT E

# CITY OF BAXLEY, GEORGIA
## GOVERNMENTAL FUNDS
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
## FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | GENERAL | CAPITAL PROJECTS SPLOST 2018 | SPECIAL REVENUE ARP | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|---|---|
| OTHER FINANCING SOURCES (USES) - | | | | | |
| Sale of Assets | $ 6,265 | | | | 6,265 |
| Transfers in (out) | (20,000) | $ - | $ (28,094) | $ (165,302) | $ (213,396) |
| Total other financing sources (uses) | (13,735) | - | (28,094) | (165,302) | (207,131) |
| NET CHANGES IN FUND BALANCES | $ 512,768 | $ 1,197,089 | $ (28,094) | (37,478) | 1,644,285 |
| FUND BALANCES, BEGINNING | 4,361,397 | 3,563,865 | 1,657,900 | 925,877 | 10,509,039 |
| FUND BALANCES, ENDING | $ 4,874,165 | $ 4,760,954 | $ 1,629,806 | $ 888,399 | $ 12,153,324 |

**The notes to the financial statements are an integral part of this statement**

EXHIBIT F

CITY OF BAXLEY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | | |
|---|---|---|
| Net change in fund balances – Total governmental funds | | $ 1,644,285 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period: | | |
| Capital outlays | $ 1,960,447 | |
| Depreciation expense | ( 712,262) | 1,248,185 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds: | | |
| Deferred revenues September 30, 2022 | (33,200) | |
| Deferred revenues September 30, 2023 | 36,971 | 3,771 |
| Deferred outflows of resources that do not provide current financial resources are not reported in the governmental funds: | | |
| Deferred outflows of resources September 30, 2022 | (45,079) | |
| Deferred outflows of resources September 30, 2023 | 436,133 | 391,054 |
| Deferred inflows of resources that do not provide current financial resources are not reported in the governmental funds: | | |
| Deferred inflows of resources September 30, 2022 | 422,798 | |
| Deferred inflows of resources September 30, 2023 | ( 0 ) | 422,798 |
| The issuance of long-term debt provides current financial resources while the repayment of the principal of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net position. Current activity: | | |
| (Increase) decrease in notes payable | 67,702 | |
| (Increase) decrease in net pension obligation/(asset) | (899,324) | |
| (Increase) decrease in compensated absences | (2,847) | (834,469) |
| Change in net position of governmental activities | | $ 2,875,624 |

The notes to the financial statements are an integral part of this statement

EXHIBIT G

CITY OF BAXLEY, GEORGIA
PROPRIETARY FUND
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

**ASSETS**

| | | |
|---|---|---|
| **CURRENT ASSETS:** | | |
| Cash | $ | 1,106,844 |
| Accounts receivable (net of allowance for doubtful accounts of $ 23,471) | | 220,243 |
| Prepaid insurance | | 24,947 |
| Restricted cash - customers' deposits | | 217,641 |
| Total current assets | | 1,569,675 |
| **CAPITAL ASSETS:** | | |
| Land | | 699,072 |
| Construction in progress | | 467,125 |
| Buildings | | 415,850 |
| Equipment, vehicles and furniture | | 1,051,978 |
| Water and sewer system | | 25,276,799 |
| Total | | 27,910,824 |
| Less accumulated depreciation | | 14,626,961 |
| Total capital assets (net of accumulated depreciation and amortization) | | 13,283,863 |
| Net Pension Asset | | - |
| Total noncurrent assets | | 13,283,863 |
| TOTAL ASSETS | $ | 14,853,538 |
| **DEFERRED OUTFLOWS OF RESOURCES:** | | |
| Pension deferrals | $ | 238,441 |

The notes to the financial statements
are an integral part of this statement

EXHIBIT G

CITY OF BAXLEY, GEORGIA
PROPRIETARY FUND
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

| | | |
|---|---|---|
| **LIABILITIES** | | |
| **CURRENT LIABILITIES:** | | |
| Accounts payable | $ | 164,464 |
| Accrued expenses | | 25,710 |
| Due to other funds | | 691,235 |
| Bonds payable | | 62,845 |
| GEFA notes payable | | 43,819 |
| Customers' deposits | | 217,641 |
| Total current liabilities | | 1,205,714 |
| **LONG-TERM LIABILITIES:** | | |
| Compensated absences | | 28,015 |
| Net pension obligation | | 322,024 |
| Notes payable | | 3,244,383 |
| Total long-term liabilities | | 3,594,422 |
| Total liabilities | | 4,800,136 |
| **DEFERRED INFLOWS OF RESOURCES:** | | |
| Pension deferrals | | |
| **NET POSITION** | | |
| Net investment in capital assets | | 9,932,816 |
| Unrestricted | | 359,027 |
| Total net position | $ | 10,291,843 |

The notes to the financial statements
are an integral part of this statement

EXHIBIT H

CITY OF BAXLEY, GEORGIA
PROPRIETARY FUND
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | |
|---|---|
| OPERATING REVENUES: | |
| Charges for services | $ 1,735,535 |
| Miscellaneous | 79,877 |
| Total operating revenues | 1,815,412 |
| OPERATING EXPENSES: | |
| Personal services and employee benefits | 771,060 |
| Contractual services | 341,554 |
| Materials and supplies | 486,578 |
| Bad debts | - |
| Depreciation | 730,840 |
| Total operating expenses | 2,330,032 |
| OPERATING INCOME (LOSS) | (514,620) |
| NONOPERATING REVENUES (EXPENSES): | |
| Interest expense | (116,911) |
| Interest income | 7,769 |
| Total nonoperating revenues (expenses) | (109,142) |
| Income before transfers | (623,762) |
| Transfers in (out) | 193,396 |
| CHANGE IN NET POSITION | (430,366) |
| NET POSITION, BEGINNING | 10,722,209 |
| NET POSITION, ENDING | $ 10,291,843 |

The notes to the financial statements
are an integral part of this statement

EXHIBIT I

CITY OF BAXLEY, GEORGIA
PROPRIETARY FUND
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | |
| Cash received from customers | $ 1,733,389 |
| Cash payments for goods and services | (721,032) |
| Cash payments to employees | (726,138) |
| Cash received from other operating revenues | 79,877 |
| Net cash provided by operating activities | 366,096 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:** | |
| Acquisition of capital assets | (585,014) |
| Interest paid on loan | (116,911) |
| Transfers from Special Revenue Fund | |
| Transfers from ARPA Fund | 28,094 |
| Transfers from 2012 SPLOST | 165,302 |
| Transfers from 2018 SPLOST | |
| Principal loaned from general Fund | 283,296 |
| GEFA note drawdowns | - |
| Principal paid on loan | (99,990) |
| Net cash used for capital and related financing activities | (325,223) |
| **CASH FLOWS FROM INVESTING ACTIVITIES -** | |
| Interest received on investments | 7,769 |
| Net cash provided by investing activities | 7,769 |
| **NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH** | 48,642 |
| **CASH AND RESTRICTED CASH, BEGINNING** | 1,275,842 |
| **CASH AND RESTRICTED CASH, ENDING** | $ 1,324,484 |

The notes to the financial statements
are an integral part of this statement

EXHIBIT I

CITY OF BAXLEY, GEORGIA
PROPRIETARY FUND
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | |
|---|---|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | |
| Operating income (loss) | $ (514,620) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 730,840 |
| Provision for uncollectible accounts | |
| Forgiveness of debt | |
| Changes in assets and liabilities: | |
| (Increase) decrease in accounts receivable | (11,601) |
| (Increase) decrease in inventories | - |
| (Increase) decrease in prepaid expenses | (9,717) |
| (Increase) decrease in other assets | - |
| Increase (decrease) in accounts payable | 113,872 |
| Increase (decrease) in accrued expenses | 2,945 |
| Increase (decrease) in net pension obligation | 38,353 |
| Increase (decrease) in deposits | 9,455 |
| Increase (decrease) in compensated absences | 6,569 |
| Total adjustments | 880,716 |
| Net cash provided by operating activities | $ 366,096 |

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES -

There were no noncash investing, capital and financing activities.

The notes to the financial statements
are an integral part of this statement

# NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAXLEY, GEORGIA
INDEX TO NOTES TO THE BASIC FINANCIAL STATEMENTS


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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The significant changes in the GASB 34 Statement include the following:

a. A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.

b. Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (road, bridges, etc.).

c. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City has implemented the general provisions of the statement.

### A. Reporting entity

The City is a political subdivision of the State of Georgia and is governed by a six member city council. The six members represent geographical districts within the City.

The City has implemented the Governmental Accounting Standards Board Statement 14 "The Financial Reporting Entity". The financial reporting entity consists of (a) primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government; however, a governmental organization other than a primary government (such as a component unit, a joint venture, a jointly governed organization, or another stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

The City has met the criteria for classification as a primary government. The City has a separately elected governing body, is legally separate and is fiscally independent of other state and local governments. All funds, organizations, institutions, agencies, departments, and officers that are not legally separate of the primary government, for financial reporting purposes, are part of the primary government and are included in the financial statements of the City.

#### a. Discretely Presented Component Units

Based on GASB 14 criteria, the City has one entity that qualifies as a discretely presented component unit. The Downtown Development Authority of Baxley, Georgia is a corporate and political body created and existing under the laws of the State of Georgia. The Authority was established for the general purpose of stimulating and sustaining economic development in downtown Baxley. The seven-member governing board of the Authority is appointed by the City of Baxley City Council. Audited financial statements of this discretely presented component unit can be obtained directly from their administrative office. The year end of the Authority is September 30, 2023.

A. Reporting entity (Continued)

The address for the administrative office is as follows:

Downtown Development Authority of Baxley, Georgia
P.O. Box 290
Baxley, Georgia 31515

The City of Baxley, Georgia does not have a related organization.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are 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.

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 properly included among program revenues are reported instead as general revenues.

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

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

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

The government reports the following major governmental funds:

The General Fund is the government'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 City has elected to treat the 2018 SPLOST and ARP Special Revenue Fund as major funds. They account for capital projects approved by the voters.

The government reports the following major proprietary fund:

The water and sewer revenue fund accounts for the activities of the government's water and sewer operations by providing goods or services to the general public which are recovered primarily through user charges.

Additionally, the government reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The capital projects funds account for the financial resources that are to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Non-current Governmental Assets/Liabilities:

GASB Statement 34 eliminates the presentation of account groups, but provides for these reports to be maintained and incorporates the information into the governmental column in the government-wide statement of net position.

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. An exception to this general rule is payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The proprietary fund utilizes the accrual basis of accounting.

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

D. Assets, liabilities and net position or equity

1. Deposits

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent, and investments with original maturities of three months or less.

State statutes authorize the City to invest in obligations of, or obligations guaranteed by the U.S. Government and agencies of corporations of the U. S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC and FSLIC; prime banker's acceptances; repurchase agreements; and the local government pool established by state law.

The City, during the year, invested funds in the certificates of deposits and time deposits of local banks, U. S. Government obligations and obligations of agencies guaranteed by the U. S. Government.

2. Receivables and payables

In the fund financial statements, material receivables in governmental funds include revenue accounts such as property taxes, grants, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

The major receivable for the City is property taxes receivable. Property is appraised and a lien on such property becomes enforceable 60 days after final notification on delinquency of property taxes. Property taxes are levied by the last quarter of the year in which they are assessed, or as soon after as deemed practical. Taxes are due and payable when levied. Property taxes are levied on all taxable real, public utility and personal property (including vehicles) located within the City. Assessed values for property tax purposes are determined by the Appling County Board of Tax Assessors for all property except public utilities and motor vehicles. Assessed value is set at 40% of market value. Public utility assessed values are established by the State of Georgia. The City may place liens on property once the related tax payments become delinquent. Property tax millage rates are usually adopted in September and tax bills are rendered by October 15.

The property tax calendar is as follows:

| | |
|---|---|
| Beginning of fiscal year for taxes | January 1, 2022 |
| Millage rate adopted by ordinance | September 13, 2022 |
| City tax digest approved | September 16, 2022 |
| Real and personal property tax bills rendered | October 20, 2022 |
| Real property tax payment due | December 20, 2022 |
| Tax sales 2015-2021 delinquent real property tax and other assessments | Various |

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (Fifo) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

D. Assets, liabilities and net position or equity (Continued)

4. Restricted assets

General Fund – Restricted cash is held by financial institutions in the City's name to purchase equipment and supplies to combat drug use.

Water and Sewer Revenue Fund – Cash is restricted to the extent of customer deposits for water and sewer services.

5. Capital assets

Capital assets purchased in the government fund types are recorded as expenditures at the time of purchase. Such assets are capitalized at cost if a unit cost is $10,000 or more in the general capital assets. The City's policy is to capitalize significant interest costs incurred during construction as a part of the cost of capital assets. Gifts or contributions are recorded at their estimated fair market value on the date donated. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| Assets | Years |
|---|---|
| Buildings | 25-50 |
| Equipment, vehicles and furniture | 5-10 |
| Infrastructure | 20-50 |
| Water and sewer system | 20-50 |

Pursuant to GASB Statement 34, the retroactive reporting of major general infrastructure is optional. This category is likely to be the largest asset class of government and has historically not been reflected nor a measure of its consumption charged. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. GASB Statement 34 requires the reporting and depreciation of new infrastructure expenditures effective with the beginning of the implementation year. The City has elected not to retroactively report its infrastructure.

6. Compensated absences

Compensated absences are absences for which employees will be paid, such as vacation, sick leave, etc. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place. In governmental funds, compensated absences are recognized as expenditures, using the modified accrual basis of accounting. In the proprietary fund, compensated absences are recorded as an expense and liability of the fund that will pay for them.

The City's policy allows employees to accumulate a maximum of 240 hours. The employees can "cash-in" only 40 hours each year. All payments of these accumulated benefits will be funded from appropriations of the year in which they are paid.

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

D. Assets, liabilities and net position or equity (Continued)

8. Fund equity

The governmental funds balance sheet classifies fund balance into the following areas: (1) Non-spendable, (2) Restricted for, (3) Committed to, (4) Assigned to, and (5) Unassigned. The City has all of these classifications except "Assigned to".

In the government-wide financial statements equity is classified as net position and displayed in three components as follows:

a. Net investment in capital assets, consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
b. Restricted net position consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted net position consists of all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

For assigned fund balance, the City has authorized the council or a management official delegated that authority by formal city council action to assign amounts to a specific purpose.

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

- Assigned
- Unassigned

9. Expenditures and expenses

In the government-wide financial statements, expenses are classified by function for governmental activities. Administrative overhead charges are made to various functions and are included in direct expenses. In the fund financial statements, governmental fund expenditures are classified as by character i.e. current (further classified by function), debt service, and capital outlay.

In the fund financial statements, governmental funds report expenditures of current financial resources.

10. Inter-fund transactions

Inter-fund transactions are reflected as either loans, services provided, reimbursement or transfer. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

D. Assets, liabilities and net position or equity (Continued)

11. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Accordingly, actual results could differ from these estimates.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, function, and department. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

B. Excess of expenditures over appropriations

For the year ended September 30, 2023, appropriations and other sources (uses) exceeded expenditures in the General Fund by $512,768. The City Council is given a copy of the budget report monthly. They have met with the various departments about the budget violations and plan to make corrections in the September 30, 2024 year. The material budget violations were as follows:

| | FINAL BUDGETARY AMOUNT | ACTUAL AMOUNT | VARIANCE WITH FINAL BUDGET |
|---|---|---|---|
| GOVERNMENTAL FUNDS: | | | |
| GENERAL FUND | | | |
| Public Safety | | | |
| Police Department | | | |
| Interdepartmental Charges | 28,000 | 55,269 | 27,269 |
| Fire Department | | | |
| Interdepartmental Charges | - | 152 | 152 |
| Animal Control | | | |
| Interdepartmental Charges | - | 905 | 905 |
| Public Works | | | |
| Highways and Streets | | | |
| Interdepartmental Charges | 5,000 | 21,358 | 16,358 |
| Housing and Development - | | | |
| Airport | | | |
| Capital outlays | 970,000 | 1,032,680 | 62,680 |

C. Deficit fund equity

The City does not have any deficit fund balances as of September 30, 2023.

## III. DETAILED NOTES ON ALL FUNDS

### A. Deposits

As of September 30, 2023, the City had the following investments.

| Investment | Fair Value |
|---|---|
| Cash – checking and certificates of deposit | $ 11,923,855 |
| Total cash and investments | $ 11,923,855 |

Reconciliation of financial statements to notes:

| | |
|---|---|
| Cash and investments | $ 11,696,042 |
| Restricted cash and investments | 227,813 |
| | $ 11,923,855 |

#### 1. 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.

#### 2. Credit Risk

State law limits investments to (1) obligations of this state or other states, (2) obligations issued by the U. S. government, (3) obligations fully insured or guaranteed by the U. S. government or by a government agency of the United States, (4) obligations of any corporation of the U. S. government, (5) prime bankers' acceptances, (6) the local government investment pool established by state law, (the City has no investments in Georgia Fund 1), (7) repurchase agreements, and (8) obligations of other political subdivisions of this state. The City has no investment policy that would further limit its investment choices.

#### 3. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Government's deposits may not be returned to it. The Government does not have a deposit policy for custodial credit risk. As of September 30, 2023, all of the City's monies were either insured or collateralized.

## B. Receivables

**Receivables as of year-end for the Government's individual major funds and non-major funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:**

| Receivables: | Taxes | Accounts and Notes | Intergovernmental | Gross Receivables | Less: Allowance for Uncollectibles | Net Receivables |
|---|---|---|---|---|---|---|
| General | $ 76,621 | $ 144,964 | $ 869,011 | $ 1,090,596 | $ (15,934) | $ 1,074,662 |
| Water and Sewer | | 243,714 | | 243,714 | (23,471) | 220,243 |
| 2018 SPLOST | | | 162,869 | 162,869 | | 162,869 |
| Non-major funds | | | 11,354 | 11,354 | | 11,354 |
| Total | 76,621 | 388,678 | 1,043,234 | 1,508,533 | $ (39,405) | $ 1,469,128 |
| Less allowance for uncollectibles | (8,120) | (31,285) | | (39,405) | | |
| Net receivables | $ 68,501 | $ 357,393 | $ 1,043,234 | $ 1,469,128 | | |

## C. Capital assets

**Capital assets activity for the year ended September 30, 2023 was as follows:**

| Governmental Activities | Ending Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets, not being depreciated- | | | | |
| Land and land improvements | $ 524,441 | | | $ 524,441 |
| Construction in progress | 278,347 | $ 1,027,017 | | 1,305,364 |
| Total capital assets, not being depreciated | 802,788 | 1,027,017 | - | 1,829,805 |
| Capital assets, being depreciated: | | | | |
| Buildings | 5,027,819 | | | 5,027,819 |
| Improvements | 6,906,479 | | | 6,906,479 |
| Equipment, vehicles and furniture | 2,657,333 | 466,871 | | 3,124,204 |
| Infrastructure | 5,668,879 | 466,560 | | 6,135,439 |
| Total assets being depreciated | 20,260,510 | 933,431 | - | 21,193,941 |
| Less accumulated depreciation for: | | | | |
| Buildings | (3,413,945) | (116,795) | | (3,530,740) |
| Improvements | (1,965,711) | (248,858) | | (2,214,569) |
| Equipment, vehicles and furniture | (2,117,034) | (142,289) | | (2,259,323) |
| Infrastructure | (1,355,394) | (204,319) | | (1,559,713) |
| Total accumulated depreciation | (8,852,084) | (712,261) | - | (9,564,345) |
| Total capital assets, being depreciated, net | 11,408,426 | 221,170 | - | 11,629,596 |
| Net Governmental Activities Capital Assets | $ 12,211,214 | $ 1,248,186 | $ - | $ 13,459,400 |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 670,073 | $ 28,999 | | $ 699,072 |
| Construction in progress | 135,110 | $ 385,185 | $ 53,170 | 467,125 |
| Total capital assets, not being depreciated | 805,183 | 414,184 | 53,170 | 1,166,197 |
| Capital assets, being depreciated: | | | | |
| Buildings | 415,850 | | | 415,850 |
| Water and sewer system | 25,052,798 | $ 224,000 | | 25,276,798 |
| Equipment, vehicles and furniture | 1,051,978 | | | 1,051,978 |
| Total capital assets, being depreciated | 26,520,626 | 224,000 | - | 26,744,626 |
| Less accumulated depreciation for: | | | | |
| Buildings | (231,222) | (13,862) | | (245,084) |
| Water and sewer system | (13,137,436) | (625,907) | | (13,763,343) |
| Equipment, vehicles and furniture | (527,462) | (91,072) | | (618,534) |
| Total accumulated depreciation | (13,896,120) | (730,841) | - | (14,626,961) |
| Total capital assets, being depreciated, net | 12,624,506 | (506,841) | - | 12,117,665 |
| Business-type activities capital assets, net | $ 13,429,689 | $ (92,657) | $ 53,170 | $ 13,283,862 |

C. Capital assets (Continued)

Depreciation expenses were charged to functions/programs of the primary government:

| | |
|---|---|
| Government activities: | |
| General government | $ 57,636 |
| Public safety | 66,621 |
| Public works | 306,753 |
| Culture & recreation | 23,934 |
| Housing & development | 257,317 |
| Total depreciation expense-governmental activities | $ 712,261 |
| Business-type activities – | |
| Water and sewer | $ 730,841 |
| Total depreciation expense-business-type activities | $ 730,841 |

D. Inter-fund receivables, payables, and transfers

Inter-fund receivable and payable balances at September 30, 2023 are as follows:

| | Interfund Receivables | Interfund Payables |
|---|---|---|
| Major Funds: | | |
| General | $ 691,235 | |
| Water and sewer | | (691,235) |
| Total fund financial statements | 691,235 | (691,235) |
| Government-wide adjustment to internal balances: | | |
| General fund | | |
| Water and sewer | | |
| Total | $ 691,235 | $ (691,235) |

These balances represent loans between the borrower fund and the lender fund. These balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Inter-fund receivables and payables are reported in the fund financial statements; however, they are eliminated in the government-wide financial statements if the inter-fund loans are between governmental funds.

D. Inter-fund receivables, payables, and transfers (Continued)

Inter-fund transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and (3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following are transfers made during the year:

| | Proprietary Fund | Special Revenue Fund | Nonmajor Governmental Funds | |
|---|---|---|---|---|
| | Water and Sewer | ARP | Capital Projects SPLOST 2012 | Total |
| **Transfers in:** | | | | |
| From CDBG Special Revenue Fund | | | | $ - |
| From SPLOST 2012 Fund | 165,302 | | | 165,302 |
| From SPLOST 2018 Fund | | | | - |
| From ARP Fund | 28,094 | | | 28,094 |
| **Transfers out:** | | | | |
| To Water and Sewer Fund | | $ (28,094) | $ (165,302) | (193,396) |
| Total | $ 193,396 | $ (28,094) | $ (165,302) | $ - |

E. Leases

The City had no outstanding operating or capital leases at September 30, 2023.

F. Long-term debt

Primary government:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Compensated absences | $ 43,918 | $ 2,847 | $ - | $ 46,765 | |
| Bancorp South loan | 67,702 | | 67,702 | - | $ - |
| Total Governmental Activites | 111,620 | 2,847 | 67,702 | 46,765 | - |
| **Business-type Activities:** | | | | | |
| Compensated absences | 21,446 | 6,569 | - | 28,015 | |
| USDA bonds | 2,499,646 | | 60,183 | 2,439,463 | 62,845 |
| GEFA Notes | 951,391 | | 39,808 | 911,583 | 43,820 |
| Total Business-type Activities | 2,521,092 | 6,569 | 99,991 | 3,379,061 | 106,665 |
| Total Primary Government | $ 2,632,712 | $ 9,416 | $ 167,693 | $ 3,425,826 | $ 106,665 |

F. Long-term debt (Continued)

Bancorp South loan – The City has entered into a loan agreement with Bancorp South to fund the purchase of a backhoe for public works. The original amount of the loan was $113,990. The loan has an annual interest rate of 3.39% with annual payments of $14,625 for 5 years with a balloon payment due in the final year. The loan was paid off in the current fiscal year.

United States Department of Agriculture (USDA) bonds – The City issued Water and Sewer revenue bonds in 2006. The original amount of the 2006 Series Bonds was $3,145,100. The bonds were issued for retirement of the 1992 Series Bonds and improvements to the Water and Sewer system. The interest rate for this issue is 4.375% and is payable in 468 monthly payments of $14,028.

Annual debt service requirements to maturity for the USDA bonds are as follows:

| Year Ending 30-Sep | Principal | Interest | Total |
|---|---|---|---|
| 2024 | 62,845 | 105,491 | 168,336 |
| 2025 | 65,651 | 102,685 | 168,336 |
| 2026 | 68,581 | 99,755 | 168,336 |
| 2027 | 71,643 | 96,693 | 168,336 |
| 2028-2032 | 409,135 | 432,545 | 841,680 |
| 2033-2037 | 508,975 | 332,705 | 841,680 |
| 2038-2042 | 633,177 | 208,503 | 841,680 |
| 2043-2046 | 616,099 | 56,945 | 673,044 |
| 2047 | 3,357 | 13 | 3,370 |
| | $ 2,439,463 | $ 1,435,335 | $ 3,874,798 |

F. Long-term debt (Continued)

GEFA Note – The City began drawing on a GEFA note for a water meter replacement project during the current year. The City began paying on this note in September of 2023. The interest rate for this issue is .94% and is payable in 240 monthly payments of $4,350. This note will mature in 2042.

Annual debt service requirements to maturity for the GEFA note are as follows:

| Year Ending 30-Sep | Principal | Interest | Total |
|---|---|---|---|
| 2024 | 43,820 | 8,380 | 52,200 |
| 2025 | 44,233 | 7,967 | 52,200 |
| 2026 | 44,651 | 7,549 | 52,200 |
| 2027 | 45,072 | 7,128 | 52,200 |
| 2028-2032 | 231,828 | 29,172 | 261,000 |
| 2033-2037 | 242,977 | 18,023 | 261,000 |
| 2038-2042 | 254,663 | 6,337 | 261,000 |
| 2043 | 4,339 | 11 | 4,350 |
| | $ 911,583 | $ 84,567 | $ 996,150 |

G. Short-term debt

The City had no short-term debt outstanding at year end, nor did they have any short-term debt activity during the year.

H. Classification of fund balances and restricted asset accounts

For the classification of fund balances, the City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for the purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City has all of these classifications except "Assigned to".

When both restricted and unrestricted amounts of fund balance or net position 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:

a. Committed
b. Assigned
c. Unassigned

A committed fund balance requires a majority vote of the City Council (which is the highest level of decision making authority). A majority vote of the City Council is needed to establish, modify or rescind a fund balance commitment. The following classifications of fund balances are used by the City:

Governmental Activities:
General Fund:
Nonspendable – Expended for contracts already purchased (prepaid insurance)
Committed to –Money from the ADTF Fund ($8,676)
Unassigned – The unrestricted fund balance which has not been committed or assigned
SPLOST Funds:
Restricted for – The restricted fund balance on the balance sheet is made up of $4,760,953 for the 2018 SPLOST Fund
ARP Special Revenue Fund:
Restricted for – Funds restricted for capital projects related to money received from the Coronavirus State and Local Fiscal Recovery Funds
Non-Major Funds:
Restricted for – The restricted fund balance on the "Other Governmental Funds" balance sheet is made up of $888,399 for the TSPLOST Fund

Changes in fund balances are as follows:

| | General Fund | | | SPLOST Funds | | Special Revenue | Non-major Funds |
|---|---|---|---|---|---|---|---|
| | Nonspendable | Restricted for | Committed to | Restricted for | | Restricted for | Restricted for |
| | Prepaid Expenditures | Capital Projects | Public Safety | SPLOST 2018 | SPLOST 2012 | Capital Projects ARP | TSPLOST |
| Fund balance, beginning of year | $ 79,308 | $ 121,100 | $ 33,360 | $ 3,563,864 | $ 202,733 | $ 1,657,900 | $ 723,144 |
| Increase (decrease) fund balance | (12,275) | (121,100) | (24,684) | 1,197,089 | (202,733) | (28,094) | 165,255 |
| Fund balance, end of year | $ 67,033 | $ - | $ 8,676 | $ 4,760,953 | $ - | $ 1,629,806 | $ 888,399 |

## IV. OTHER INFORMATION

### A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other governments in the state as part of the Georgia Inter-local Risk Management Agency Property and Liability Insurance Fund, a public entity risk pool, currently operating as a common risk management and insurance program for member local governments. The City pays an annual premium to the pool for its insurance coverage. The agreement for formation of inter-local risk management agency provides that the pool will be self-sustaining through member premiums.

The policy with GIRMA has a $1,000 deductible option with a $1,000,000 liability limit. There has not been any significant reduction in coverage during the past year. No settlements in excess of coverage have been made in any of the three prior years. The City's only risk of loss would occur if the loss exceeded the limit of liability as stated in the policy.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation of defense. The pooling agreement allows for GIRMA to make any additional assessments necessary to meet any financial deficiency, subject to the approval of the Georgia Insurance Commissioner. It is not possible to estimate the amount of such additional assessments.

At September 30, 2023 the City was not aware of any asserted claims that exceed the City's insurance coverage. Settled claims in the past three years have not exceeded the coverages.

GIRMA has published its own financial report, which can be obtained from the Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia, 30303.

### B. Contingent liabilities

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

The City attorney is not aware of any legal matters that may have a material adverse effect on the financial condition of the City.

C. Joint venture

The City of Baxley, Georgia, in conjunction with cities and counties in the seventeen (17) county Heart of Georgia area are members of the Heart of Georgia Altamaha Regional Commission. Membership in a Commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the Commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the Commission. The City paid annual dues in the amount of $4,942 to the Commission for the year ended September 30, 2023. The Commission board membership includes the chief elected official of each county and chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the nonpublic board member from a county. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines these regional Commissions as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of a commission beyond its resources (O.C.G.A. 50-8-39.1).

Financial statements of the Commission may be obtained directly from:
Heart of Georgia Altamaha Regional Commission
501 Oak Street
Eastman, Georgia 31023

D. Sales tax revenue

SPLOST

2012 SPLOST

On March 15, 2011 Appling County voters approved a six year referendum to raise an estimated $3,000,000 for street projects and utilities within the City of Baxley. The monies are collected directly by Appling County and are remitted to the City of Baxley.

The sales tax levy took effect on January 1, 2012 and collection began in March 2012. The referendum calls for the tax to be levied for six years until the expiration date without regard to the monetary amount. This revenue will be reported in the sales tax capital projects fund.

2018 SPLOST

On March 21, 2017, Appling County voters approved a six year referendum to raise an estimated $5,750,000 to be used on the elimination of capital projects debt for water projects, various street projects, and replacement of a water tower within the City of Baxley. The monies are collected directly by Appling County and are remitted to the City of Baxley.

The sales tax levy took effect on January 1, 2018 and collection began in February 2018. The referendum calls for the tax to be levied for six years until the expiration date without regard to the monetary amount. This revenue will be reported in the sales tax capital projects fund.

TSPLOST

On November 6, 2012 voters in the Heart of Georgia Altamaha District, which includes the City of Baxley, approved a ten year referendum to raise funds for local transportation projects.

The sales tax levy took effect on January 1, 2013 and the first check was received in March 2013. The referendum calls for the tax to be levied for ten years until the expiration date. This revenue will be reported in the sales tax capital projects fund.

## E. Employee retirement system

### 1. Defined Benefit Plan

#### a. Plan Description

The City's defined benefit pension plan, City of Baxley Retirement Plan, provides retirement, disability, and death benefits to plan members and beneficiaries. City of Baxley Retirement Plan is an agent multiple-employer pension plan administered by the Georgia Municipal Employees Benefit System (GMEBS). The benefit provisions of the plan were established (and can be amended) by an adoption agreement executed by the City Council. The plan is noncontributory.

The plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The Georgia Municipal Association issues a financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the Georgia Municipal Association at (404) 688-0472 or in writing at:

Georgia Municipal Association
201 Pryor Street, SW
Atlanta, Georgia 30303-3606

#### b. Funding Policy

The estimated minimum annual contribution under these standards is $94,183. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the plan will meet applicable state funding standards. The recommended contribution is the greater of (1) the minimum contribution and (2) normal cost (including administrative expenses) with interest, adjusted by a full funding credit to insure that contributions are not required if a plan's assets exceed the present value of future benefits.

#### c. Annual Pension Cost

The recommended contributions for 2023 and 2022 are developed below, based upon actuarial valuations as of January 1, 2023 and January 1, 2022:

| | 2023 | 2022 |
|---|---|---|
| Normal cost: | | |
| Plan benefits | $ 41,372 | $ 58,690 |
| Administrative expenses | 13,620 | 14,576 |
| Full funding credit less impact of state minimum | 34,296 | 15,657 |
| Adjustment | 4,895 | 4,875 |
| Recommended contribution | $ 94,183 | $ 93,798 |
| Covered payroll | $ 603,870 | $ 759,410 |
| Recommended contribution as a percent of covered payroll | 15.60% | 12.35% |

E. Employee retirement system (Continued)

| | |
|---|---|
| Actuarial cost method | Projected Unit Credit. |
| Amortization method | Closed level dollar for remaining unfunded liability. |
| Remaining amortization period | N/A |
| Asset valuation method | Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value. |
| Actuarial assumptions: | |
| Investment rate of return | 7.375% |
| Projected salary increases | 2.25% plus service based merit increases |
| Cost of living adjustments | 0.00% |
| Inflation rate assumption | 2.25% |

| Membership of the Plan: | |
|---|---|
| Retirees and beneficiaries receiving benefits | 36 |
| Terminated plan members entitled to, but not yet receiving benefits | 16 |
| Active plan members | 17 |
| Total | 69 |

The schedule of funding progress presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

d. Net Pension Liability

The City of Baxley, Georgia's net pension liability was measured as of September 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability was determined by an actuarial valuation as of September 30, 2023, using the actuarial assumptions noted under annual pension cost, applied to all periods included in the measurement.

Mortality tables were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2019.

E. Employee retirement system (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block in which best-estimate ranges of 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic Equity | 45% | 6.40% |
| International Equity | 20% | 6.80% |
| Fixed Income | 25% | 0.86% |
| Real Estate | 10% | 3.90% |
| Cash | 0% | 0.00% |
| Total | 100% | |

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 employer contributions will be made at the current contribution rate and that the City of Baxley, Georgia's contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate remained the same at 7.375% for fiscal years ended September 30, 2022 and 2023.

E. Employee retirement system (Continued)

e. Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Opening balances | $ 5,741,755 | $ 6,260,287 | $ (518,532) |
| Changes for the year: | | | |
| Service cost | 24,607 | | 24,607 |
| Interest | 408,934 | | 408,934 |
| Differences between expected and actual experience | 115,819 | | 115,819 |
| Contributions - employer | | 117,359 | (117,359) |
| Contributions - employee | | | |
| Net investment income | | (984,117) | 984,117 |
| Benefit payments, including refunds of employee contributions | (442,978) | (442,978) | |
| Administrative expense | | (13,454) | 13,454 |
| Other changes | | | |
| Net changes | 106,382 | (1,323,190) | 1,429,572 |
| Closing balances | $ 5,848,137 | $ 4,937,097 | $ 911,040 |

The following presents the net pension liability of the City of Baxley, Georgia's calculated using the discount rate of 7.375%, as well as what the City of Baxley, Georgia'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 of Baxley, Georgia's Net pension liability | $1,451,374 | $911,040 | $447,158 |

Detailed information about the pension plan's fiduciary net position is available in the separately issued Georgia Municipal Association financial report.

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

For the year ended September 30, 2023, the City of Baxley, Georgia recognized pension expense of ($241,189). At September 30, 2023, the City of Baxley, Georgia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

E. Employee retirement system (Continued)

| | | |
|---|---|---|
| Differences between expected and actual experience | $ 57,910 | |
| Changes of assumptions | | |
| Net difference between projected and actual earnings on pension plan investments | 616,664 | |
| Total | $ 674,574 | $ - |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| September 30- | Outflows | Inflows | Total |
|---|---|---|---|
| 2024 | $ 674,574 | $ - | $ 674,574 |
| 2025 | | | - |
| Total | $ 674,574 | $ - | $ 674,574 |

2. Defined Contribution Plan

The City has established a defined contribution plan for new employees. The defined contribution plan is established under section 401(a) of the Internal Revenue Code and is administered by Newport Group. Employee contributions are immediately vested while employer contributions are vested after five years of contributory service. The plan had 17 active members during the year.

The City contributes 8% of the gross pay of employees. The City contributed $63,289 for the year ended September 30, 2023.

3. Deferred Compensation Plan

The City also has a deferred compensation plan under section 457 of the Internal Revenue Code. Eight (8) plan members voluntarily invest their contribution ($10,525 for 2023) in various mutual funds held in trust by Nationwide Insurance Company.

4. Other Retirement Plans

In addition to the pension fund which the City is a trustee, the following cost-sharing, multiple-employer defined benefit pension and retirement plans are in effect but are not under the direct control of the City:

Peace Officer's Annuity and Benefit Fund
Georgia Firemen's Pension Fund

E. Employee retirement system (Continued)

The police are covered under a separate pension plan which requires that certain sums from fines and bond forfeitures be remitted by the police department to the pension plan before the payment of any costs of other claims. The firemen are covered under a separate pension plan which requires that dues of $25 be paid from firemen each month in addition to the funds from insurance premium taxes.

F. Subsequent events

There were no additional subsequent events.

# REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

SCHEDULE 1

CITY OF BAXLEY, GEORGIA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET OVER (UNDER) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Property taxes | $ 713,500 | $ 733,000 | $ 789,102 | $ 56,102 |
| Other taxes | 1,858,724 | 2,251,625 | 2,404,937 | 153,312 |
| Licenses and permits | 692,000 | 766,200 | 769,372 | 3,172 |
| Intergovernmental revenues | 516,890 | 1,154,890 | 1,238,520 | 83,630 |
| Charges for services | 486,000 | 763,400 | 834,624 | 71,224 |
| Fines and fees | 200,000 | 200,000 | 212,886 | 12,886 |
| Commissions, penalties and interest | 900 | 3,000 | 7,807 | 4,807 |
| Investment income | - | 18,000 | 18,697 | 697 |
| Other revenue | 60,600 | 70,435 | 102,970 | 32,535 |
| TOTAL REVENUES | 4,528,614 | 5,960,550 | 6,378,915 | 418,365 |
| EXPENDITURES: | | | | |
| GENERAL GOVERNMENT- | | | | |
| FINANCIAL ADMINISTRATION: | | | | |
| Personal services and employee benefits | 559,513 | 529,250 | 510,423 | (18,827) |
| Purchased/contract services | 223,050 | 282,800 | 269,612 | (13,188) |
| Supplies | 46,300 | 44,900 | 40,457 | (4,443) |
| Capital outlays | 2,000 | - | - | - |
| Interdepartmental Charges | | 22,500 | 22,807 | 307 |
| Other costs | 15,000 | 5,000 | 5,000 | - |
| Total financial administration | 845,863 | 884,450 | 848,299 | (36,151) |
| TOTAL GENERAL GOVERNMENT | 845,863 | 884,450 | 848,299 | (36,151) |
| JUDICIAL- | | | | |
| RECORDER'S COURT: | | | | |
| Personal services and employee benefits | 16,846 | 16,600 | 15,292 | (1,308) |
| Purchased/contract services | 500 | 300 | 100 | (200) |
| Total recorder's court | 17,346 | 16,900 | 15,392 | (1,508) |
| TOTAL JUDICIAL | 17,346 | 16,900 | 15,392 | (1,508) |

SCHEDULE 1

CITY OF BAXLEY, GEORGIA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET OVER (UNDER) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| PUBLIC SAFETY: | | | | |
| POLICE DEPARTMENT: | | | | |
| Personal services and employee benefits | $ 1,055,828 | $ 960,500 | $ 941,341 | $ (19,159) |
| Purchased/contract services | 85,000 | 152,000 | 132,762 | (19,238) |
| Supplies | 78,000 | 104,300 | 91,745 | (12,555) |
| Capital outlays | 68,000 | 105,000 | 102,106 | (2,894) |
| Interdepartmental Charges | | 28,000 | 55,269 | 27,269 |
| Other Costs | - | 20,000 | 19,629 | (371) |
| Total police department | 1,286,828 | 1,369,800 | 1,342,852 | (26,948) |
| FIRE DEPARTMENT: | | | | |
| Personal services and employee benefits | 120,000 | 130,950 | 121,872 | (9,078) |
| Purchased/contract services | 33,500 | 44,000 | 35,176 | (8,824) |
| Supplies | 47,000 | 44,800 | 36,986 | (7,814) |
| Capital outlays | 20,000 | 13,000 | 11,437 | (1,563) |
| Interdepartmental Charges | - | - | 152 | 152 |
| Total fire department | 220,500 | 232,750 | 205,623 | (27,127) |
| ANIMAL CONTROL: | | | | |
| Personal services and employee benefits | 51,904 | 50,400 | 47,130 | (3,270) |
| Purchased/contract services | 5,200 | 4,600 | 2,146 | (2,454) |
| Supplies | 7,500 | 5,800 | 3,928 | (1,872) |
| Capital outlays | 5,000 | | | - |
| Interdepartmental Charges | - | - | 905 | 905 |
| Total animal control | 69,604 | 60,800 | 54,109 | (6,691) |
| TOTAL PUBLIC SAFETY | 1,576,932 | 1,663,350 | 1,602,584 | (60,766) |
| PUBLIC WORKS: | | | | |
| HIGHWAYS AND STREETS: | | | | |
| Personal services and employee benefits | 796,170 | 609,500 | 598,594 | (10,906) |
| Purchased/contract services | 305,200 | 432,950 | 414,948 | (18,002) |
| Supplies | 188,500 | 259,000 | 245,322 | (13,678) |
| Capital outlays | 17,500 | 97,500 | 92,093 | (5,407) |
| Interdepartmental Charges | | 5,000 | 21,358 | 16,358 |
| Total highways and streets | 1,307,370 | 1,403,950 | 1,372,315 | (31,635) |

SCHEDULE 1

CITY OF BAXLEY, GEORGIA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET OVER (UNDER) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| SANITATION AND WASTEWATER- | | | | |
| Purchased/contract services | $ 440,500 | $ 520,000 | $ 515,849 | $ (4,151) |
| Total sanitation and wastewater | 440,500 | 520,000 | 515,849 | (4,151) |
| CEMETERY: | | | | |
| Purchased/contract services | | | | - |
| Supplies | | | | - |
| Total cemetery | - | - | - | - |
| TOTAL PUBLIC WORKS | 1,747,870 | 1,923,950 | 1,888,164 | (35,786) |
| CULTURE AND RECREATION- | | | | |
| PARKS: | | | | |
| Purchased/contract services | - | | | - |
| Supplies | - | | | - |
| Total parks | - | - | - | - |
| TOTAL CULTURE AND RECREATION | - | - | - | - |
| HOUSING AND DEVELOPMENT- | | | | |
| AIRPORT: | | | | |
| Personal services and employee benefits | $ 2,000 | $ 2,000 | $ 1,454 | $ (546) |
| Purchased/contract services | 59,900 | 88,400 | 81,401 | (6,999) |
| Supplies | 184,500 | 285,000 | 278,257 | (6,743) |
| Capital outlays | - | 970,000 | 1,032,680 | 62,680 |
| Total airport | 246,400 | 1,345,400 | 1,393,792 | 48,392 |

SCHEDULE 1

CITY OF BAXLEY, GEORGIA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET OVER (UNDER) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| CODE ENFORCEMENT: | | | | |
| Personal services and employee benefits | 68,203 | 64,700 | 61,483 | (3,217) |
| Purchased/contract services | 4,500 | 5,750 | 4,776 | (974) |
| Supplies | 1,500 | 24,550 | 22,208 | (2,342) |
| Capital outlay | 2,000 | | | - |
| Interdepartmental Charges | | 16,000 | 14,275 | (1,725) |
| Total code enforcement | 76,203 | 111,000 | 102,742 | (8,258) |
| Economic Development | | | | |
| Purchased/contract services | - | 1,500 | 1,439 | (61) |
| Total Economic development | - | 1,500 | 1,439 | (61) |
| TOTAL HOUSING AND DEVELOPMENT | 322,603 | 1,457,900 | 1,497,973 | 40,073 |
| Total expenditures | $ 4,510,614 | $ 5,946,550 | $ 5,852,412 | $ (94,138) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 18,000 | 14,000 | 526,503 | 512,503 |
| OTHER FINANCING SOURCES (USES)- | | | | |
| Sale of assets | 2,000 | 6,000 | 6,265 | 265 |
| Transfers in (out) | (20,000) | (20,000) | (20,000) | - |
| Total other financing sources and uses | (18,000) | (14,000) | (13,735) | 265 |
| NET CHANGE IN FUND BALANCE | $ - | $ - | $ 512,768 | $ 512,768 |
| FUND BALANCES, BEGINNING | $ 3,956,674 | $ 3,956,674 | $ 4,361,397 | $ 4,361,397 |
| FUND BALANCES, ENDING | $ 3,956,674 | $ 3,956,674 | $ 4,874,165 | $ 4,874,165 |

SCHEDULE 2

CITY OF BAXLEY, GEORGIA
ARP SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | BUDGETED AMOUNTS | | | VARIANCE WITH FINAL BUDGET OVER |
|---|---|---|---|---|
| | ORIGINAL | FINAL | ACTUAL | (UNDER) |
| REVENUES- | | | | |
| Intergovernmental revenues | $ - | $ - | $ - | $ - |
| Total revenues | - | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (out) | - | (30,000) | (28,094) | (1,906) |
| Total other financing sources (uses) | - | (30,000) | (28,094) | (1,906) |
| EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | - | (30,000) | (28,094) | (1,906) |
| FUND BALANCE, BEGINNING | 1,657,900 | 1,657,900 | 1,657,900 | |
| FUND BALANCE, ENDING | $ 1,657,900 | $ 1,627,900 | $ 1,629,806 | $ (1,906) |

SCHEDULE 3

CITY OF BAXLEY, GEORGIA
SCHEDULE OF FUNDING PROGRESS – CITY OF BAXLEY RETIREMENT PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (or fund excess) (b-a) | Funded Ratio a/b | Covered Payroll c | UAAL (funding excess) as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| January 1, 2013 | $ 3,215,869 | $ 4,434,921 | $ 1,219,052 | 72.5% | $ 1,373,159 | 88.8% |
| January 1, 2014 | $ 3,547,843 | $ 4,742,965 | $ 1,195,122 | 74.8% | $ 1,220,313 | 97.9% |
| January 1, 2015 | $ 3,903,591 | $ 5,099,048 | $ 1,195,457 | 76.6% | $ 1,360,758 | 87.9% |
| January 1, 2016 | $ 4,237,112 | $ 4,146,059 | $ (91,053) | 102.2% | $ 1,159,007 | 0.0% |
| January 1, 2017 | $ 4,579,935 | $ 4,287,933 | $ (292,002) | 106.8% | $ 1,092,604 | 0.0% |
| January 1, 2018 | $ 4,781,696 | $ 4,568,780 | $ (212,916) | 104.7% | $ 1,147,331 | 0.0% |
| January 1, 2019 | $ 4,968,193 | $ 4,728,672 | $ (239,521) | 105.1% | $ 1,021,832 | 0.0% |
| January 1, 2020 | $ 5,088,084 | $ 5,173,854 | $ 85,770 | 98.3% | $ 919,663 | 9.3% |
| January 1, 2021 | $ 5,175,499 | $ 5,463,553 | $ 288,054 | 94.7% | $ 945,101 | 30.5% |
| January 1, 2022 | $ 5,344,365 | $ 5,587,935 | $ 243,570 | 95.6% | $ 759,410 | 32.1% |
| January 1, 2023 | $ 5,341,952 | $ 5,658,101 | $ 316,149 | 94.4% | $ 603,870 | 52.4% |

**The schedule of funding progress presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.**

SCHEDULE 4

CITY OF BAXLEY, GEORGIA
SCHEDULE OF REQUIRED CONTRIBUTIONS – CITY OF BAXLEY RETIREMENT PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Year Ended | Annual Required Contribution | Percentage |
|---|---|---|
| 1/1/2013 | $ 264,913 | 100% |
| 1/1/2014 | $ 261,160 | 100% |
| 1/1/2015 | $ 276,468 | 100% |
| 1/1/2016 | $ 93,064 | 100% |
| 1/1/2017 | $ 88,683 | 100% |
| 1/1/2018 | $ 66,382 | 100% |
| 1/1/2019 | $ 50,395 | 100% |
| 1/1/2020 | $ 94,867 | 100% |
| 1/1/2021 | $ 117,359 | 100% |
| 1/1/2022 | $ 93,798 | 100% |
| 1/1/2023 | $ 94,183 | 100% |

SCHEDULE 5

CITY OF BAXLEY, GEORGIA

SCHEDULE OF CHANGES IN BAXLEY, GEORGIA'S NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2023 THROUGH 2020

| | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Total Pension Liability** | | | | |
| Service Cost | $ 24,607 | $ 31,116 | $ 29,764 | $ 26,117 |
| Interest | 408,934 | 405,918 | 387,306 | 357,247 |
| Difference between expected and actual experience | 115,819 | 24,116 | 189,806 | 61,986 |
| Change of Assumptions | | | | |
| Benefit payments including refunds of member contributions | (442,978) | (384,492) | (327,257) | (298,990) |
| Other | | | | 352,444 |
| Net Change in Total Pension Liability | 106,382 | 76,658 | 279,619 | 498,804 |
| Total Pension Liability - Beginning | 5,741,755 | 5,665,097 | 5,385,478 | 4,886,674 |
| Total Pension Liability - Ending | $ 5,848,137 | $ 5,741,755 | $ 5,665,097 | $ 5,385,478 |
| **Plan Fiduciary Net Pension** | | | | |
| Contributions - Employer | $ 117,359 | $ 94,867 | $ 50,395 | $ 66,382 |
| Contributions - Employee | | | | |
| Net Investment Income | (984,117) | 1,267,601 | 476,751 | 145,637 |
| Benefit payments including refunds of employee contributions | (442,978) | (384,492) | (327,257) | (298,990) |
| Administrative Expense | (13,454) | (13,783) | (13,656) | (13,313) |
| Other | | | | |
| Net Change in Plan Fiduciary Net Position | (1,323,190) | 964,193 | 186,233 | (100,284) |
| Plan Fiduciary Net Position - Beginning | 6,260,287 | 5,296,094 | 5,109,861 | 5,210,145 |
| Plan Fiduciary Net Position - Ending | $ 4,937,097 | $ 6,260,287 | $ 5,296,094 | $ 5,109,861 |
| Baxley, Georgia's Net Pension Liability - Ending | $ 911,040 | $ (518,532) | $ 369,003 | $ 275,617 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 84.42% | 109.03% | 93.49% | 94.88% |
| Covered - Employee Payroll | 603,870 | 759,410 | 945,101 | 919,663 |
| Baxley, Georgia's Net Pension Liability as a Percentage of Covered - Employee Payroll | 150.87% | -68.28% | 39.04% | 29.97% |

SCHEDULE 6

# CITY OF BAXLEY, GEORGIA
## SCHEDULE OF BAXLEY, GEORGIA'S CONTRIBUTIONS
## FOR THE YEARS ENDED SEPTEMBER 30, 2023 THROUGH 2020

| | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Total Pension Liability | | | | |
| Actuarially Determined Contribution | $ 93,798 | $ 117,359 | $ 94,867 | $ 50,395 |
| Contributions in relation to the actuarially determined contribution | 93,798 | 117,359 | 94,867 | 50,395 |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - |
| Covered - Employee Payroll | 603,870 | 759,410 | 945,101 | 919,663 |
| Contributions as a percentage of Covered - Employee Payroll | 15.53% | 15.45% | 10.04% | 5.48% |

CITY OF BAXLEY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgets and Budgetary Accounting

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

1. In July of each year, the City Manager, as the Council's designated budget officer, discusses with the department heads the budget for the ensuing fiscal year.

2. The Council reviews and/or amends the budget as it shall deem necessary or to provide that the budget remains in balance.

3. After the proposed budget is transmitted to members of the governing authority, a public hearing shall be held to give the public the opportunity to comment upon the proposed budget. Notice of such public hearing shall be given in a newspaper of general circulation in the municipality no more than twenty days and no less than five days in advance of the hearing.

4. Not later than September 30, the budget is legally enacted through passage of an ordinance. In the event the proposed budget is not adopted for any reason, the budget for the preceding year shall be and become the budget for the City during the current year.

5. Any transfers between line items within the same department may be authorized by the City Manager.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Fund.

7. Budgets for the General and Special Revenue Funds are adopted on the accrual basis except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Because there were no encumbrances outstanding at the end of the year in any of the funds, the budgets for these funds are presented on a GAAP basis.

8. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended. Unencumbered appropriations lapse at year end. There were no material supplementary appropriations made during the year.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the object level within departments.

| Fund Type | Original Appropriations | Supplemental Appropriations | Supplemental Decreases | Final Appropriations |
|---|---|---|---|---|
| General | $ 4,530,614 | $ 1,435,936 | $ - | $ 5,966,550 |

The actual results of operations on the budgetary basis are presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) General, Special Revenue and Capital Projects Funds in order to provide a meaningful comparison of actual results with the budget.

Individual fund budgetary comparison schedules are presented for the General Special Revenue Funds at the legal level of control. A project-length balanced budget is presented for each Capital Projects Fund.

**Note 1. Budgets and Budgetary Accounting (Continued)**

**Material excesses of expenditures over appropriations at the object level within departments (the legal level of control) are presented below:**

| | FINAL BUDGETARY AMOUNT | ACTUAL AMOUNT | VARIANCE WITH FINAL BUDGET |
|---|---|---|---|
| GOVERNMENTAL FUNDS: | | | |
| GENERAL FUND | | | |
| Public Safety | | | |
| Police Department | | | |
| Interdepartmental Charges | 28,000 | 55,269 | 27,269 |
| Fire Department | | | |
| Interdepartmental Charges | - | 152 | 152 |
| Animal Control | | | |
| Interdepartmental Charges | - | 905 | 905 |
| Public Works | | | |
| Highways and Streets | | | |
| Interdepartmental Charges | 5,000 | 21,358 | 16,358 |
| Housing and Development - | | | |
| Airport | | | |
| Capital outlays | 970,000 | 1,032,680 | 62,680 |

# SUPPLEMENTARY DATA – COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULE

SCHEDULE 7

CITY OF BAXLEY, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2023

| | CAPITAL PROJECTS | | TOTAL NON-MAJOR GOVERNMENTAL FUNDS |
|---|---|---|---|
| | TSPLOST | SPLOST 2012 | |
| **ASSETS:** | | | |
| Cash | $ 879,130 | $ - | $ 879,130 |
| Due from other funds | | | - |
| Intergovernmental receivable | 11,354 | | 11,354 |
| TOTAL ASSETS | $ 890,484 | $ - | $ 890,484 |
| **LIABILITIES AND FUND BALANCE:** | | | |
| LIABILITIES: | | | |
| Accounts payable | $ 2,085 | | $ 2,085 |
| Due to funds | | | - |
| Total liabilities | 2,085 | - | 2,085 |
| Fund balance: | | | |
| Restricted- | | | |
| Capital projects | $ 888,399 | | 888,399 |
| Total fund balance | 888,399 | - | 888,399 |
| TOTAL LIABILITIES AND FUND BALANCE | $ 890,484 | $ - | $ 890,484 |

SCHEDULE 8

CITY OF BAXLEY, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | CAPITAL PROJECTS | | TOTAL NON-MAJOR GOVERNMENTAL FUNDS |
|---|---|---|---|
| | TSPLOST | SPLOST 2012 | |
| REVENUES: | | | |
| Intergovernmental | $ 430,028 | | $ 430,028 |
| Investment earnings | | $ 37 | 37 |
| Total revenues | 430,028 | 37 | 430,065 |
| EXPENDITURES: | | | |
| Current- | | | |
| Public safety | | | - |
| Capital outlay: | | | |
| Public safety | | | - |
| Public works | 264,773 | 37,468 | 302,241 |
| Total expenditures | 264,773 | 37,468 | 302,241 |
| EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES | 165,255 | (37,431) | 127,824 |
| OTHER FINANCING SOURCES (USES) - | | | |
| Transfers in (out) | | (165,302) | (165,302) |
| Total other financing sources (uses) | - | (165,302) | (165,302) |
| EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | 165,255 | (202,733) | (37,478) |
| FUND BALANCE, BEGINNING | 723,144 | 202,733 | 925,877 |
| FUND BALANCES, ENDING | $ 888,399 | $ - | $ 888,399 |

SCHEDULE 9

CITY OF BAXLEY, GEORGIA
COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

| | | |
|---|---|---|
| **ASSETS:** | | |
| **Current assets:** | | |
| Cash | $ | 1,844 |
| Accounts Receivable | | 415 |
| Total assets | | 2,259 |
| **LIABILITIES:** | | |
| **Current liabilities:** | | |
| Accounts payable | | 646 |
| Due to primary government | | 3,625 |
| Deferred revenue | | 360 |
| Total current liabilities | | 4,631 |
| **Long-term liabilities -** | | |
| Notes payable | | |
| Total liabilities | | 4,631 |
| **NET POSITION:** | | |
| Unrestricted | | (2,372) |
| Total net position | $ | (2,372) |

SCHEDULE 10

# CITY OF BAXLEY, GEORGIA
## COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY
## STATEMENT OF ACTIVITIES
## FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Downtown Development Authority |
|---|---|---|---|---|
| Component Unit – Downtown Development Authority | $ 40,241 | $ 15,370 | $ 23,250 | $ (1,621) |
| General Revenues | | | | |
| Unrestricted investment earnings | | | | - |
| Total general revenues | | | | - |
| Changes in Net Position | | | | (1,621) |
| Net Position, Beginning | | | | (751) |
| Net Position, Ending | | | | $ (2,372) |

SCHEDULE 11

CITY OF BAXLEY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Original Estimated Cost | Revised Estimated Cost | Expenditures | | | Estimated Percentage of Completion |
|---|---|---|---|---|---|---|
| | | | Prior Years | Current Year | Total | |
| **2012 SPLOST:** | | | | | | |
| Road, street & bridges improvements and purchase of equipment | $ 1,000,000 | $ 1,091,978 | $ 1,045,075 | $ 37,468 | $ 1,082,543 | 99.14% |
| Water & sewer improvements and purchase of equipment | 1,500,000 | 1,503,885 | 1,356,560 | 165,302 | 1,521,862 | 101.20% |
| Construction of deep well at Park West | 500,000 | 408,022 | 408,022 | | 408,022 | 100.00% |
| Total | $ 3,000,000 | $ 3,003,885 | $ 2,809,657 | $ 202,770 | $ 3,012,427 | |
| **2018 SPLOST:** | | | | | | |
| Road, street & bridge improvements and purchase of equipment | $ 1,500,000 | $ 1,506,531 | | $ 295,500 | $ 295,500 | 19.61% |
| Fire equipment and vehicles | 850,000 | 850,000 | $ 320,451 | $ 42,859 | 363,310 | 42.74% |
| Water & sewer improvements and purchase of equipment | 2,500,000 | 2,500,000 | $ 474,700 | | 474,700 | 18.99% |
| Replace water tower at Water Works Park | 750,000 | 750,000 | | | | 0.00% |
| GEFA loan repayment for solar project | 1,000,000 | 993,469 | 993,469 | | 993,469 | 100.00% |
| Total | $ 6,600,000 | $ 6,600,000 | $ 1,788,620 | $ 338,359 | $ 2,126,979 | |

HARRIS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## 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 Mayor and City Council
City of Baxley, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Baxley, Georgia, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Baxley, Georgia's basic financial statements and have issued our report thereon dated September 11, 2023.

### Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items (2019.1) that we consider to be significant deficiencies.



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P.O. BOX 680 - 317 MAIN STREET - BLACKSHEAR, GA 31516 - PHONE: 912.449.4724 - FAX: 912.449.0546

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Baxley, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

City of Baxley, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Baxley, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

Harris & Loggy, P.C.

Jesup, Georgia
February 5, 2024

CITY OF BAXLEY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

## FINDINGS – FINANCIAL STATEMENTS AUDIT

**2019.1 Segregation of duties**

**Conditions:**

**A proper segregation of duties does not exist between the handling of cash receipts and disbursements, access to accounts receivable and accounts payable detail, access to the general ledger, and reconciliation of bank accounts.**

**Criteria:**

**Person(s) handling cash receipts or disbursements should not sign checks, perform bank reconciliations, or have access to the accounting system.**

**Effect:**

**Small number of personnel makes it impractical to segregate duties sufficiently to insure proper cash management and financial reporting.**

**Recommendation:**

**The Mayor and City Manager should review the general ledger monthly and periodically compare it to detailed schedules of receipts and disbursements, receipts books and bank reconciliations. They should also provide the City Council with monthly financial reports.**

**Response:**

**This office concurs with this finding.**

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www.baxley.org

CITY OF BAXLEY
Est. 1875

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Baxley, Georgia 31515
(912)367-8300

**CITY OF BAXLEY-CORRECTIVE ACTION PLAN**

**FYE: September 30, 2023**

**2019.1 Segregation of duties**

**A small number of employees makes it impractical to segregate duties sufficiently to ensure proper cash management and financial reporting. Currently, we are financially unable to hire additional personnel. Each person has multiple duties. The City Manager reviews the invoices, reviews reconciliations, and reviews deposits. The city clerk performs the bank reconciliations, makes deposits, and on occasion, writes checks. The accounts payable clerk enters the invoices and writes the checks. The City Manager reviews and approves all invoices, checks, and financials. Management has instituted the best "check-and-balance" system that can be established with the limited resources available.**

**Expenditures over appropriations**

**The Council and management will be keeping a closer eye on the budget to actual expenditures and amending the budget as necessary. The City Manager and clerk will be working together to keep the financials updated and provide the Council the information to amend the budget as necessary.**

Tim Varnadore

**Tim Varnadore, Mayor**

2/05/2024

**Date**



**Mayor - Tim Varnadore, Council Members: District 1 - Santina Fryer, District 2 - Ora S. Hall, Mayor Pro Tem/ District 3 - Mickey Bass, District 4 - Adam Thomas, District 5 - Betty Livingston, District 6 - Pat Williams**
**City Manager - Keri Orvin, City Clerk - Jessica McLellan, City Attorney - Alex Johnson**