CITY OF COOLIDGE, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

CITY OF COOLIDGE
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VALENTI, RACKLEY & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Coolidge, Georgia

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Coolidge, Georgia ("the City") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of the City, as of December 31, 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 Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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. Management has elected not to include the Management's Discussion and Analysis. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the budgetary comparison information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The One Percent Special Purpose Sales Tax Project Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the One Percent Special Purpose Sales Tax Project Cost Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

June 27, 2024

CITY OF COOLIDGE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	$ 115,989	$ 227,423	$ 343,412
Certificates of deposit	208,032	-	208,032
Accounts receivable (net)	90,053	19,704	109,757
Intergovernmental receivables	32,067	-	32,067
Restricted cash	536,881	44,814	581,695
Prepaid expenses	5,626	2,272	7,898
Internal balances	19,285	(19,285)	-
Other assets	-	1,000	1,000
Lease receivable	-	105,402	105,402
Capital assets:			
Land	92,284	8,613	100,897
Construction in progress	-	11,326	11,326
Other capital assets, net of accumulated depreciation	1,149,190	725,070	1,874,260
Total assets	2,249,407	1,126,339	3,375,746
LIABILITIES			
Accounts and other payables	15,058	3,091	18,149
Unearned revenue	197,548	7,700	205,248
Compensated absences	7,851	-	7,851
Long-term liabilities:			
Customer deposits	134	44,840	44,974
Due within one year	-	7,068	7,068
Due in more than one year	-	-	-
Deferred lease arrangement	-	105,402	105,402
Total liabilities	220,591	168,101	388,692
NET POSITION			
Net investment in capital assets	1,241,474	737,941	1,979,415
Restricted for tourism	3,998	-	3,998
Restricted for capital projects	359,228	-	359,228
Unrestricted	424,116	220,297	644,413
Total net position	$ 2,028,816	$ 958,238	$ 2,987,054

See accompanying notes to the basic financial statements.

CITY OF COOLIDGE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Function/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	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business -type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
PRIMARY GOVERNMENT:							
Governmental activities							
General government	$ 303,543	$ 9,092	$ -	$ -	$ (294,451)		$ (294,451)
Public safety	140,835	13,478	1,805	-	(125,552)		(125,552)
Public works	231,424	113,486	-	94,276	(23,662)		(23,662)
Culture and recreation	12,383	-	70,138	-	57,755		57,755
Housing and development	350	-	-	-	(350)		(350)
Total governmental activities	688,535	136,056	71,943	94,276	(386,260)		(386,260)
Business-type activities:							
Water/Sewer Enterprise Fund	217,752	209,376	-	-	-	$ (8,376)	(8,376)
Total business-type activities	217,752	209,376	-	-	-	(8,376)	(8,376)
Total primary government	906,287	345,432	71,943	94,276	(386,260)	(8,376)	(394,636)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					201,288	-	201,288
Sales and use taxes and other taxes					144,714	-	144,714
Investment earnings					49	5,054	5,103
Gain on disposal of assets					2,500	2,000	4,500
Miscellaneous					1,685	-	1,685
Total general revenues					350,236	7,054	357,290
Transfers					(108,144)	108,143	(1)
Total general revenues and transfers					242,092	115,197	357,289
Change in net position					(144,168)	106,821	(37,347)
Net position - beginning (restated)					2,172,984	851,417	3,024,401
Net position - ending					$ 2,028,816	$ 958,238	$ 2,987,054

See accompanying notes to the basic financial statements.

CITY OF COOLIDGE
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Capital Projects Funds SPLOST/LMIG Funds 2012	Capital Projects Funds SPLOST/LMIG Funds 2017	Capital Projects Funds SFRF Fund	ARPA Fund	Hotel/ Motel Tax Fund	Total Governmental Funds
ASSETS							
Cash:							
Unrestricted	$ 115,989	$ -	$ -	$ -	$ -	$ -	$ 115,989
Restricted	1,150	33	335,296	-	197,548	2,854	536,881
Certificates of deposit	208,032	-	-	-	-	-	208,032
Receivables:							
Taxes, net	77,409	-	-	-	-	-	77,409
Accounts, net	12,643	-	-	-	-	-	12,643
Intergovernmental	7,026	-	23,899	-	-	1,144	32,069
Prepaid expenditures	5,626	-	-	-	-	-	5,626
Interfund balances	19,285	-	-	-	-	-	19,285
Total assets	$ 447,160	$ 33	$359,195	$ -	$ 197,548	$ 3,998	$ 1,007,934
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 14,066	$ -	$ -	$ -	$ -	$ -	$ 14,066
Wages/benefits payable	342	-	-	-	-	-	342
Interfund balances	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	197,548	-	197,548
Customer deposits	134	-	-	-	-	-	134
Other payable	650	-	-	-	-	-	650
Total liabilities	15,192	-	-	-	197,548	-	212,740
Deferred inflows of resources:							
Property taxes	61,202	-	-	-	-	-	61,202
Total deferred inflows of resources	61,202	-	-	-	-	-	61,202
Fund balances							
Nonspendable:							
Prepaid items	5,626	-	-	-	-	-	5,626
Advances to other funds	19,285	-	-	-	-	-	19,285
Restricted	-	33	359,195	-	-	3,998	363,226
Unassigned	345,855	-	-	-	-	-	345,855
Total fund balances	370,766	33	359,195	-	-	3,998	733,992
Total liabilities and fund balances	$ 447,160	$ 33	$359,195	$ -	$ 197,548	$ 3,998	$ 1,007,934

See accompanying notes to the basic financial statements.

CITY OF COOLIDGE
RECONCILIATION TO THE BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023

Amounts reported for governmental activities in the statement of net position are different because:	$ 733,992
Property taxes collected sixty days or later subsequent to year end are not considered "available" for governmental activities and are deferred.	61,202
Long -term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(7,852)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,241,474
Net position of governmental activities	$ 2,028,816

See accompanying notes to the basic financial statements.

CITY OF COOLIDGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Capital Projects Funds			ARPA Fund	Hotel/ Motel Tax Fund	Total Governmental Funds
		SPLOST Funds		SFRF Fund			
		2012	2017				
REVENUES							
Taxes:							
General property	$ 171,682	$ -	$ -	$ -	$ -	$ -	$ 171,682
General sales and use	71,478	-	-	-	-	-	71,478
Alchoholic beverage excise	19,399	-	-	-	-	-	19,399
Insurance premium	46,923	-	-	-	-	-	46,923
Other taxes	1,796	-	-	-	-	-	1,796
Licenses and permits	8,078	-	-	-	-	-	8,078
Intergovernmental	5,350	-	141,588	11,326	-	3,935	162,199
Charges for services	121,284	-	-	-	-	-	121,284
Fines, forfeitures, fees	13,478	-	-	-	-	-	13,478
Investment earnings	49	-	3,939	-	-	83	4,071
Miscellaneous	1,682	-	-	-	-	-	1,682
Total revenues	461,199	-	145,527	11,326	-	4,018	622,070
EXPENDITURES							
Current:							
General government	284,970	-	-	-	-	-	284,970
Public safety	127,170	-	-	-	-	-	127,170
Public works	186,251	-	-	-	-	-	186,251
Culture and recreation	7,807	-	-	-	-	-	7,807
Housing and development	-	-	-	-	-	21,000	21,000
Capital outlay:				-			
General government	-	-	-	-	-	-	-
Public safety	-	-	1,500	-	-	-	1,500
Public works	-	-	108,068	-	-	-	108,068
Culture and recreation	-	-	76,724	-	-		76,724
Total expenditures	606,198	-	186,292	-	-	21,000	813,490
OTHER FINANCING SOURCES							
Transfers in (out)	-	-	-	(11,326)	-	-	(11,326)
Total other financing sources	-	-	-	(11,326)	-	-	(11,326)
Net changes in fund balances	(144,999)	-	(40,765)	-	-	(16,982)	(202,746)
Fund balances							
Beginning (restated)	515,765	33	399,960	-	-	20,980	936,738
Ending	$ 370,766	$ 33	$ 359,195	$ -	$ -	$ 3,998	$ 733,992

See accompanying notes to the basic financial statements.

CITY OF COOLIDGE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - total governmental funds	$ (202,746)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlay ($107,914) exceeds capital outlay ($76,686) in the current period.	31,228
Property taxes collected sixty days or later subsequent to year end are not recognized as revenue in the governmental funds.	27,940
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the in the governmental funds.	(590)
Change in net position of governmental activities	$ (144,168)

See accompanying notes to the basic financial statements.

CITY OF COOLIDGE
STATEMENT OF NET POSITION – PROPRIETARY FUND
ENTERPRISE FUND
DECEMBER 31, 2023

ASSETS		
Current assets:		
Cash	$	227,423
Accounts receivable, net		19,704
Prepaid insurance		2,272
Restricted cash		44,814
Lease right-of-use Asset - current		7,766
Other assets		1,000
Interfund balance		-
Total current assets		302,979
Noncurrent assets:		
Capital assets:		
Land		8,613
Construction in progress		11,326
Buildings and improvements		71,039
Equipment and vehicles		246,792
Infrastructure		3,846,425
Less accumulated depreciation		(3,439,186)
Lease right-of-use aseet - long-term		97,636
Total noncurrent assets		842,645
Total assets		1,145,624
LIABILITIES		
Current liabilities:		
Accounts payable	$	2,316
Wages payable		775
Compensated absences - current portion		-
Interfund balances		19,285
Unearned revenue		7,700
Note payables - current portion		7,068
Deferred revenue lease - current		7,766
Total current liabilities		44,910
Noncurrent liabilities:		
Water deposits		44,840
Compensated absences - noncurrent portion		-
Notes payable less current portion		-
Deferred revenue lease - long-term		97,636
Total noncurrent liabilities		142,476
Total liabilities		187,386
NET POSITION		
Net investment in capital assets		737,941
Unrestricted		220,297
Total net position	$	958,238

See accompanying notes to the basic financial statements.

CITY OF COOLIDGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES	
Charges for services:	
Water	$ 98,192
Sewer	89,956
Other	14,465
Total operating revenues	202,613
OPERATING EXPENSES	
Personnel services	20,648
Purchased/contracted services	80,419
Supplies	31,533
Depreciation	85,152
Total operating expenses	217,752
Operating income (loss)	(15,139)
NONOPERATING REVENUES (EXPENSES)	
Interest income	5,054
Gain on disposal of assets	2,000
Rent income	6,763
Total nonoperating revenues (expenses)	13,817
Income (loss) before transfers and capital contributions	(1,322)
TRANSFERS AND CAPITAL CONTRIBUTIONS	
Capital contribution	108,143
Total capital contribution	108,143
Change in net position	106,821
Total net position - beginning	851,417
Total net position - ending	$ 958,238

See accompanying notes to the basic financial statements.

CITY OF COOLIDGE
STATEMENT OF CASH FLOW
PROPRIETARY FUND
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers	$ 209,481
Receipts (payments) for loans/interfund services provided	19,285
Payments to employees (or for their benefit) for services provided	(22,011)
Payments to suppliers for goods or services	(120,272)
Net cash provided (used) by operating activities	86,483
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Gain on disposal of assets	2,000
Principal paid on capital debt	(16,968)
Net cash provided (used) by capital and related financing activities	(14,968)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Capital Assets	-
Interest income	5,054
Net cash provided by investing activities	5,054
Net increase (decrease) in cash and cash equivalents	76,569
Balances - beginning	195,668
Balances - ending	$ 272,237
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ (15,139)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	85,152
Rental income	6,763
Change in assets and liabilities:	
Receivables, net	(1,353)
Prepaid insurance	-
Due to other funds	19,287
Deposits	1,455
Accounts and other payables	(8,285)
Compensated absences payable	(1,397)
Net cash provided by operating activities	$ 86,483

Non-cash activity: Water/sewer capital assets, with a cost of $96,818 were purchased by the SPLOST 2017 Funds and transferred to the water/sewer fund. Of those capital assets, $80,873 were capitalized and $7,134, which were below the City's capitalization threshold, were expensed Water/sewer capital assets, with a cost of $11,326, were purchased by the SFRF fund and transferred to the water/sewer fund.

See accompanying notes to the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Coolidge (the primary government, "the City") was incorporated in 1901. The City operates under a council/mayor form of government and provides the following services in addition to general administrative services: public safety (police), highways and streets, sanitation, recreation, and public improvements. In addition, the City operates a public utility (water and sewer system) for the incorporated and immediate surrounding areas.

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.

A. Reporting Entity

The Governmental Accounting Standards Board sets forth criteria for determining the reporting entity. Organizations legally separate from the City of Coolidge, Georgia, would be included in the financial statements of City of Coolidge, Georgia, if the criteria of financial accountability were met as defined by Governmental Accounting Standards Board Statement Number 14 or if exclusion of the entity would cause the City's financial statements to be misleading or incomplete.

The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City can impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is a fiscal dependency by the organization on the City

Based on the above criteria, the City has no component units.

B. Basic Financial Statements – Government-wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's public safety, highways and streets, sanitation, recreation, public improvements, and general administrative services are classified as governmental activities. The City's water and sewer fund is classified as a business activity. There are no fiduciary funds, nor component units that are fiduciary in nature, included.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resources measurement focus, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted.

Restricted net position consists of liquid assets (generated from revenues and not bond proceeds) that have a third party (statutory, bond covenant, or granting agency) limitation on their use. The City would typically use restricted net position first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (general government, public safety, public works, etc.) and business activities (water, sewer and sanitation). The functions are also supported by general government revenues (taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, etc.) or a business-type activity. Operating grants, if any, include operating-specific and discretionary (either operating or capital) grants while the capital grants column, if any, reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (taxes, investment earnings, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activity.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. The governmental funds employ the current financial resources measurement focus. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column in the fund financial statements. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major funds.

The City's major funds are the General Fund, SPLOST 17 Capital Projects Fund, ARPA Fund and Water/Sewer Fund. The SPLOST 12 Capital Projects Fund, SFRF Fund, and Hotel/Motel Tax Fund are nonmajor funds but are being presented as a major funds since the City only has a total of six governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. Goods or services from such activities provided to outside parties are accounted for in enterprise funds. The generally accepted accounting principles applicable are similar to businesses in the private sector.

The following is a description of the proprietary funds of the City:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. Nonoperating revenues and expenses include subsidies, interest expense from financing and investment earnings resulting from nonexchange transactions or auxiliary activities

a. Water/Sewer Fund - used to account for and report the revenues and related expenses of providing water and sewer services to the City's residents. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. All costs financed through charges to utility customers with rate reviewed regularly and adjusted if necessary, to ensure integrity of the funds.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Government-wide and Proprietary Fund Financial Statement:

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Governmental Fund Financial Statements:

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The City's definition of "available" means collectible within one year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales tax collected and held by the state at the end of the year on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Financial Statement Amounts

1. Cash and Equivalents

Cash shown on the balance sheets and statements of cash flows includes amounts in demand deposits, passbook savings and certificates of deposit.

The City's deposit policy limits deposit choices to checking accounts, money market accounts and certificates of deposit with local banks. All deposits are to be secured as required by state statutes. The state statute requires the deposits to be secured at an amount equal to the total deposits less FDIC insurance.

2. Investments

The City is limited by state law to the following investments: obligations of the State of Georgia, other states, or the U. S. Government; obligations fully insured by the U. S. Government or any agency thereof; obligations of any corporation of the U. S. Government; prime bankers' acceptance; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

3. Receivables and Property Taxes

Accounts receivable are recorded in the governmental funds for taxes receivable, fines and forfeitures and amounts due from other governments. The accounts receivable for property taxes – real property is recorded net of the associated allowance for doubtful accounts in the general fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Motor vehicles and mobile home taxes are collected by the County Tax Collector and remitted to the City monthly. Local Option Sales Tax and Special Purpose Local Option Sales Tax are collected by the State of Georgia and remitted monthly to the City. The City bills and collects other tax revenue. Georgia statutes do not provide a maximum millage rate which may be levied.

Tax revenues are recognized during the period in which they are levied. An allowance is established for delinquent taxes to the extent their collectability is questionable. Taxes collected during the current period and within sixty days thereafter are considered available to finance current operations.

The property tax rate for 2023 was $10.835 per $1,000 of assessed valuation, and current tax collection for the year then ended was 83.49% of the tax levied. The full year property tax calendar is as follows:

Property taxes are levied as of September 11th on property values assessed as of January 1st. The bills are mailed out on October 1st and are considered due upon receipt by the taxpayer and delinquent after December 20th, at which time the bill penalties and interest may be assessed.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activity's column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets with an initial estimated useful life of more than one year and have an original cost of $15,000 for buildings and improvements, $5,000 for equipment, and $150,000 for infrastructure or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are listed below:

Buildings and improvements	15 - 50 years
Other infrastructure	20 - 50 years
Machinery and equipment	3 - 15 years

GASBS No. 34 requires the City to report and depreciate infrastructure assets. The City has elected not to report major general infrastructure assets acquired prior to July 1, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. acquired after July 1, 2003. These infrastructure assets are likely to be the largest asset class of the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Interfund Activity

Interfund activity is reported as loans, as services provided, reimbursements or transfers. Loans are reported as interfund 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 interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Receipts and/or payments to or from other governmental units included in the reporting entity of the City are not reported as transfers. They are classified according to the purpose for which the receipt or payment has been made.

The principal purposes of the City's interfund transfers are for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions.

The principal purpose of interfund balances is to record amounts due to and from other funds for expenditures that are paid out of one fund which are allocable to other funds.

6. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Revenues of the governmental funds susceptible to accrual are property taxes, sales tax, alcoholic beverage tax, and rental income. Subsidies and grants to general or special revenue funds, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Program revenues reported on the statement of activities are licenses and permits, charges for services, and fines and forfeitures.

7. Expenditures

Expenditures are recognized when the related fund liability is incurred. Prepaid expenses are recorded when an expense is incurred but benefits are for a subsequent period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Prepaid expenses

Payments made to vendors for services that will benefit subsequent periods are generally recorded as prepaid items.

9. Inventories

Expendable supplies are recorded as expenditures at the time items are purchased. The city does not record inventories of supplies on the books. Any inventory of supplies at year end is considered immaterial.

10. Compensated Absences

The City's policy allows employees to accumulate earned but unused vacation benefits. All vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements.

11. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

12. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflow of resources,* represents a consumption of the net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applied to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property taxes not collected during the current period and within sixty days thereafter are not considered to be available to finance current operations and are recorded as deferred inflows of resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Fund Balances and Net Position

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

a) Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (1) not in spendable form (i.e., items that are not expected to be converted to cash) or (2) legally or contractually required to be maintained intact.
b) Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the entity or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
c) Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.
d) Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Through resolution the City can authorize a committee or the City Manager to assign fund balances.
e) Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

Government-wide and proprietary fund net position are divided into three components:

Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position – consist of net positions that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state).

Unrestricted – all other net positions are reported in this category.

Flow assumption. When both restricted and unrestricted amounts of fund balances or net position are available for use for expenditures or expenses 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 balances in the following order: (1) committed, (2) assigned, (3) unassigned.

14. Leases that Do Not Transfer Ownership of the Underlying Asset

Lessee. At the commencement of a lease, the City initially measures the lease liability at the present value of payments excepted to be paid during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the useful life of the asset of the lease term.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term included the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured at the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, plus certain initial direct costs. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term.

Key estimates and judgements related to leases receivable include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged as the discount rate. When the interest rate charged is not specified, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes non-cancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments due to the City and over the term of the lease and residual value guarantee payments that are fixed in substance.

The City monitors changed in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable ad deferred inflows of resources.

15. Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. Accounting Pronouncement Adopted

Effective January 1, 2022, the Authority adopted Governmental Accounting Standards (GASB) Statement No. 87, *Leases.* The primary objective of this statement is to better meet the information needs of the users by improving accounting and financial reporting of leases by governments. This statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset.

The preparation of financial statement in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

NOTE 2 – CASH AND EQUIVALENTS, CUSTODIAL RISK AND INTEREST RATE RISK

Deposits

As of year-end, the carrying amount of the City's deposits was $1,133,139 and the bank balances totaled $1,137,630.

Investments

As of December 31, 2023, the City had no investments.

Custodial Credit Risk

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of December 31, 2023, all of the city's deposits were covered by either the Federal Depository Insurance Corporation (FDIC) or protected by the Georgia Secure Deposit Program or a combination of the two.

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 rate risk. However, the City has made no investments that would subject it to interest rate risk.

NOTE 2 - CASH AND EQUIVALENTS, CUSTODIAL RISK AND INTEREST RATE RISK (CONTINUED)

Restricted Cash

Restricted cash is comprised of the following:

Governmental activities:

Municipal Court Bond: $1,150 - restricted for court bonds

SPLOST 12 capital projects fund: $33 - restricted for qualifying SPLOST 12 and DOT LMIG gra
expenditures

SPLOST 17 capital projects fund: $335,296 – restricted for qualifying SPLOST 17 expenditures

Hotel/Motel Tax fund: $2,854 – restricted for promotion of tourism expenditures

ARPA special revenue fund: $197,548 – restricted for specific purposes identified by the U.S.
Government

Business- type activities:

Proprietary fund:

Water and sewer fund: $44,814 - deposits received from customers for services

NOTE 3 – RECEIVABLES AND ALLOWANCE FOR BAD DEBT

Receivables are detailed below:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Taxes:			
Real property			
Current	$ 47,766	$ -	$ 47,766
Delinquent	29,643	-	29,643
Total taxes receivable	77,409	-	77,409
Intergovernmental:			
Local option sales and use tax	7,026	-	7,026
Special purpose local option sales tax:			
SPLOST 17	23,899	-	23,899
Hotel/Motel	1,144	-	1,144
Total intergovernmental receivable	32,069	-	32,069
Charges for services:			
Trash	12,229	-	12,229
Water and sewage	-	20,954	20,954
Less allowance for bad debt	-	(1,250)	(1,250)
Total water, sewer and sanitation charges receivable	12,229	19,704	31,933
Other	414	-	414
Total receivables	$ 122,121	$ 19,704	$ 141,825

NOTE 4 - INTERFUND BALANCES AND TRANSFERS/CAPITAL CONTRIBUTIONS

The General Fund loaned the Water and Sewer Fund $95,733 on November 14, 2013. The Water and Sewer Fund used this money when it retired the 1987 series Water and Sewer Revenue Bonds. The Water and Sewer Fund expected to repay this interfund loan over a period of approximately 11 years. The balance on this long-term interfund balance at December 31, 2023 is $0.

Interfund balances and transfers consist of the following:

Fund	Interfund Balances	
	Receivable	Payable
Governmental Activities:		
General fund:		
Water and sewer fund	$ 19,285	$ -
Total governmental activities	$ 19,285	$ -
Business-type Activities:		
Water and sewer fund:		
General fund	$ -	$ (19,285)
Total business-type activities	$ -	$ (19,285)

	Transfers/Capital Contributions	
	In	Out
Governmental Activities:		
SFRF		
Water and sewer fund	$ -	$ (11,326)
SPLOST 17 capital projects fund:		
Water and sewer fund	-	(96,818)
Total governmental activities	$ -	$ (108,144)
Business-type Activities:		
Water and sewer fund:		
SFRF Fund	$ 11,326	$ -
SPLOST 17 capital projects fund	96,818	-
Total business-type activities	$ 108,144	$ -

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year is as follows:

	Beginning Balance	Additions	Retirements	Capital Cont./ Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
depreciated:					
Land	$ 92,284	$ -	$ -	$ -	$ 92,284
Total capital assets not being depreciated	92,284	-	-	-	92,284
Capital assets being depreciated:					
Buildings and improvements	488,408	21,000	-	-	509,408
Equipment and vehicles	382,650	86,914	(10,832)	-	458,732
Infrastructure	1,295,029	-	-		1,295,029
Total assets being depreciated	2,166,087	107,914	(10,832)	-	2,263,169
Less accumulated depreciation for:					
Buildings and improvements	(192,279)	(13,168)	-	-	(205,447)
Equipment and vehicles	(331,266)	(20,350)	10,832	-	(340,784)
Infrastructure	(524,580)	(43,168)	-	-	(567,748)
Total accumulated depreciation	(1,048,125)	(76,686)	10,832	-	(1,113,979)
Total capital assets being depreciated, net	1,117,962	31,228	-	-	1,149,190
Governmental activities capital assets, net	$ 1,210,246	$ 31,228	$ -	$ -	$ 1,241,474
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 8,613	$ -	$ -	$ -	$ 8,613
Construction in progress	13,216	8,811	(22,027)	11,326	11,326
Total capital assets not being depreciated	21,829	8,811	(22,027)	11,326	19,939
Capital assets being depreciated:					
Buildings and improvements	71,039	-	-	-	71,039
Equipment and vehicles	246,792	-	-	-	246,792
Infrastructure	3,743,525	13,216	-	89,684	3,846,425
Total assets being depreciated	4,061,356	13,216	-	89,684	4,164,256

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Less accumulated depreciation for:					
Buildings and improvements	(52,878)	(2,344)	-	-	(55,222)
Equipment and vehicles	(158,176)	(12,693)	-	-	(170,869)
Infrastructure	(3,142,980)	(70,115)	-	-	(3,213,095)
Total accumulated depreciation	(3,354,034)	(85,152)	-	-	(3,439,186)
Total capital assets being depreciated, net	707,322	(71,936)	-	89,684	725,070
Business-type activities capital assets, net	$ 729,151	$ (63,125)	$ (22,027)	$ 101,010	$ 745,009

Depreciation expense was charged to divisions as follows:

Governmental activities:	
General government	$ 17,983
Public safety	12,164
Public works	45,173
Housing and development	350
Culture and recreation	1,016
Total depreciation expense - governmental activities	$ 76,686
Business-type activities	
Water and sewer fund	$ 85,152
Total depreciation expense - business-type activities	$ 85,152

NOTE 6 –DEBT

At December 31, 2023, the City had the following note payable:

Business-type

Note payable – Drinking Water State Revolving Loan Fund – The City signed this note for $523,105 in 2002. The purpose of this loan was to finance part of the cost of a new 200,000-gallon elevated water storage tank and new water lines. The loan bears interest at negative 10.187 percent and was payable in 80 quarterly installments of $1,937.50. The City's total debt service on this loan was $155,000. This loan was voided, and new loan issued in 2004 when the project was expanded to add a new well.

The new loan dated August 20, 2004 was for $321,883, due in monthly installments of $1,414.13 through 2023, bearing interest at zero percent. The total amount that the City received from the Drinking Water State Revolving Loan fund was $821,883. The difference between the principal and total amount received, $500,000, was accounted for as a grant recognized after the total principal was drawn down from the Drinking Water State Revolving Loan Fund.

Changes in long-term debt were as follows:

	Beginning Balance	Additions	Repayments	Ending Balance	Due in One Year
Governmental activities:					
General fund:					
Compensated absences	$ 7,261	$ 590	$ -	$ 7,851	$ -
Total governmental activities	7,261	590	-	7,851	-
Business-type activities:					
Compensated absences	1,397	-	(1,397)	-	-
Note payable	24,036	-	(16,968)	7,068	7,068
Total business-type activities	25,433	-	(18,365)	7,068	7,068
Total long-term debt	$ 32,694	$ 590	$ (18,365)	$ 14,919	$ 7,068

NOTE 6 –DEBT (CONTINUED)

Maturities of long-term debt are as follows:

Year Ended December 31	Business-Type Activities		
	Principal	Interest	Total
2024	7,068	-	7,068
Total	$ 7,068	$ -	$ 7,068

In prior years the Water/Sewer Fund has been used to liquidate the note payable

The compensated absences liability will be paid from the fund from which the employee's salaries are paid, normally the General Fund and Water and Sewer Fund.

NOTE 7 – FUND BALANCE CLASSIFICATIONS

Classifications of governmental fund balances are as follows:

	General Fund	SPLOST 12 Fund	SPLOST 17 Fund	Hotel/Motel Fund	Total Governmental Funds
Nonspendable					
Allocated to:					
Prepaid insurance	$ 5,626	$ -	$ -	$ -	$ 5,626
Advances to other funds	19,285				19,285
Total	$ 24,911	$ -	$ -	$ -	$ 24,911
Restricted for:					
Specified capital projects	$ -	$ 33	$359,195	$ -	$ 359,228
Specified purposes					-
Promotion of toursim	-	-	-	3,998	3,998
Total	$ -	$ 33	$359,195	$ 3,998	$ 363,226

NOTE 8 – RISK FINANCING ACTIVITY

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

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

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

The City has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The City is not aware of any claims which the City is liable for (up to the applicable deductible) which were outstanding and unpaid at December 31, 2023. No provisions have been made in the financial statements for the year ended December 31, 2023 for any estimate of potential unpaid claims.

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceeded the City's insurance coverage during the past three years.

NOTE 9 – CONTINGENCIES - COMMITMENTS

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

NOTE 10 – ECONOMIC DEPENDENCY

The City has some economic dependency on two businesses which pay approximately $46,135 or 40.91% of the real property taxes and 10.0% of the General Fund's total revenue.

NOTE 11 – RELATED OGANIZATIONS AND JOINT VENTURES

Related Organizations

The following is a list of related organizations for which the City appoints one or more of the Board of Directors:

- Southwest Georgia Regional Commission
- Thomas County Recreation Board

Joint Ventures

The City of Coolidge, in conjunction with forty-four cities or counties in the South Georgia area are members of the Southwest Georgia Regional Commission (SWGRC). Membership in an SWGRC is automatic of 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 Regional Commissions ("RCs"). Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the chief elected official of each county and the 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 non-public Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources (O.C.G.A. 50-3-39.1).

Separately issued financial statements of the Southwest Georgia Regional Commission are available at their administrative offices located at 181 East Broad Street, Camilla, GA. Or by telephone at 229-522-3552.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

Accounting guidance relative to accounting for funds received under the American Rescue Plan Act was issued indicating that unspent funds be reported as deferred revenue rather than restricted fund balance. Therefore, beginning fund balance/net position has been restated as follows:

	Fund Financial Statements
Beginning Fund Balance or Net Position	ARPA Fund
Beginning balance, December 31, 2022	$ 197,548
Understatement of:	
Deferred revenue	(197,548)
Change in net position	(197,548)
Beginning balance,December 31, 2022, restated	$ -

NOTE 13 – EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the following funds:

General Fund:

Culture and Recreation	$ 557
Hotel/Motel	$ 17,600

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 27, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COOLIDGE
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues				
Taxes:				
General property	$ 182,623	$ 182,623	$ 171,682	$ (10,941)
General sales and use	68,400	68,400	71,478	3,078
Selective sales and use	25,000	25,000	19,399	(5,601)
Business	43,500	43,500	46,923	3,423
Other taxes	1,100	1,100	1,796	696
Licenses and permits	7,350	7,350	8,078	728
Intergovernmental	5,000	5,000	5,350	350
Charges for services	109,281	109,281	121,284	12,003
Fines, forfeitures, fees	25,000	25,000	13,478	(11,522)
Investment earnings	2,500	2,500	49	(2,451)
Miscellaneous	1,500	1,500	1,682	182
Total revenues	471,254	471,254	461,199	(10,055)
Expenditures				
General government				
Current	302,098	302,098	284,970	(17,128)
Total general government	302,098	302,098	284,970	(17,128)
Public safety				
Current	147,643	147,643	127,170	(20,473)
Total public safety	147,643	147,643	127,170	(20,473)
Public works				
Current	192,211	192,211	186,251	(5,960)
Total public works	192,211	192,211	186,251	(5,960)
Culture and recreation				
Current	5,950	7,250	7,807	557
Total culture and recreation	5,950	7,250	7,807	557
Total expenditures	647,902	649,202	606,198	(43,004)
Net change in fund balance	(176,648)	(177,948)	(144,999)	32,949
Fund balance - beginning	515,765	515,765	515,765	-
Fund balance - ending	$ 339,117	$ 337,817	$ 370,766	$ 32,949

See accompanying notes to Required Supplementary Information

CITY OF COOLIDGE
BUDGETARY COMPARISON SCHEDULE – HOTEL/MOTEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	$ 3,400	$ 3,935	$ 535
Investment earnings	-	83	83
Total revenues	3,400	4,018	618
Expenditures			
Housing and development	3,400	21,000	17,600
Total expenditures	3,400	21,000	17,600
Net change in fund balance	-	(16,982)	(16,982)
Fund balance - beginning	20,980	20,980	-
Fund balance - ending	$ 20,980	$ 3,998	$ (16,982)

See accompanying notes to Required Supplementary Information

CITY OF COOLIDGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE A - BUDGETS

All budgets, except for the enterprise funds, are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budges are adopted for the General Fund, Hotel/Motel Tax Fund and the Enterprise Funds. Amounts presented for the General Fund and Hotel/Motel tax Fund are as amended by resolution. All annual appropriations lapse at fiscal year end. Project-length budgets were adopted for each capital projects funds.

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

1. At least four months prior to year end, the City Clerk and department heads start working on the proposed operating budget for the forthcoming fiscal year.

2. Sixty days prior to year end, the City Clerk submits to the City Council a proposed operating budget for the forthcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.

3. Public hearings are conducted to obtain taxpayer comments.

4. As close to the year end as possible, usually 30 days prior to the year end, the budget is legally adopted by the City Council and made part of the City's minutes.

5. Any changes to the City's budget must be approved by the City Council. The City Council approves all expenditures each month, regardless of amount.

6. All appropriations lapse at year end.

7. Budget amendments, as needed, are proposed by the City Clerk and approved by the City Council.

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 department level.

NOTE B – EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the following funds:

General Fund:

Culture and Recreation	$ 557
Hotel/Motel	$ 17,600

See accompanying notes to Required Supplementary Information

STATE COMPLIANCE SECTION

CITY OF COOLIDGE
ONE PERCENT SPECIAL PURPOSE SALES TAX PROJECT COST SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2023

See accompanying notes to Required Supplementary Information

CITY OF COOLIDGE
ONE PERCENT SPECIAL PURPOSE SALES TAX PROJECT COST SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2023

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percent Completed
			Prior Years	Current Period	Total	
SPLOST 12						
Water, sewer and/or storm water:						
Capital outlay projects		$ 262,710	$ 239,736	$ -	$ 239,736	
Vehicles for water and sewer		44,990	44,990	-	44,990	
Road, street and bridges:						
Improvements*		45,291	47,731	-	47,731	
Vehicles for public works		22,495	22,495	-	22,495	
Public safety equipment		60,822	62,977	-	62,977	
Totals	$ 420,000	$ 436,308	$ 417,929	$ -	$ 417,929	95.79%
SPLOST 17						
Road, street and bridge improvements			$ -	$ -	$ -	
Construction of government buildings/facilities			-	-	-	
Construction of public safety facilities			-	-	-	
Public safety equipment			-	1,500	1,500	
Public works equipment			31,898	27,195	59,093	
Construction of recreation and library facilities			-	76,724	76,724	
Construction of water, sewer and/or storm water capital outlay projects			38,615	80,873	119,488	
Totals	$ 504,000	$ 504,000	$ 70,513	$ 186,292	$ 256,805	50.95%

* SPLOST 12 current period expenditures for road, street, and bridge improvements have been reduced by $8,775 which was funded with LMIG funds received in previous years.

See accompanying notes to Required Supplementary Information

FEDERAL COMPLIANCE SECTION

VALENTI, RACKLEY & ASSOCIATES, LLC
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 Council
City of Coolidge, 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, and each major fund of City of Coolidge, Georgia ("the City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated June 27, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified a significant deficiency in internal control described as item 2023-002 in the accompanying Schedule of Findings and Questioned Costs.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as 2023-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

208 W. Park Ave., Valdosta, GA 31602 Telephone: 229-247-8005, Fax: 229-247-8998

The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-003.

The City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

June 27, 2024

CITY OF COOLIDGE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

2023-001

Criteria: Proper segregation of accounting functions strengthen internal controls.

Condition: Inadequate segregation of accounting duties among personnel. Certain functions are not segregated including collection/deposit of cash and recording of cash receipts and general ledger; accounts payable and recording of general ledger and payroll processing and general ledger.

Cause: Limited staff size and resources.

Effect: Increased risk of material misstatement or fraud.

Recommendation: We recommend that increased management oversight of the accounting function be utilized to mitigate risk.

Management Response: See management's Corrective Action Plan

2023-002

Criteria: Bank reconciliations should be performed on a timely basis for all bank accounts.

Condition: Bank reconciliations were not performed on a timely basis for the current year for two of ten bank accounts.

Cause: Accounting staff fell behind on performance of bank reconciliations due to implementation of new accounting software and staff turnover.

Effect: A key internal control over the accuracy and completeness of accounting and reporting is missing when banks are not reconciled timely.

Recommendation: Bank reconciliations should be performed on a timely basis going forward.

Management Response: Management concurs with this finding. See management's Corrective Action Plan separately submitted.

CITY OF COOLIDGE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

2023-003

Criteria: Official Code of Georgia Annotated (O.C.G.A.) Section 36-81-3: Each unit of local government shall adopt and operate under and annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. Nothing contained in this code section shall preclude a local government from amending its budget so as to adopt to changing governmental needs during the budget process.

Condition: The City's expenditures exceeded appropriations, as amended, at the legal level of control in the culture and recreation departments of the general fund and in the hotel/motel fund.

Cause: Unanticipated expenses.

Effect: Noncompliance with above statute.

Recommendation: The City should review its financial statements in relation to the budget on a regular basis and amend the budget as needed throughout the year.

Management Response: Management concurs with this finding. See management's Corrective Action Plan separately submitted.

CITY OF COOLIDGE
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

Audit Reference Number	
2022-001	Uncorrected in current year. Recited as 2023-001