EMERSON

GEORGIA • EST. 1889

Annual Financial Report

For the Fiscal Year Ended

June 30, 2023

By Authority of

The Mayor and City Council

CITY OF EMERSON
CITY WIDE NET POSITION (Page # 7)
Comparing Current Year to Prior Year

	Combined Statements		
	2023	2022	Increase/(Decrease)
ASSETS AND DEFERRED OUTFLOWS			
Cash - Operating	$ 7,683,058	$ 4,950,716	$ 2,732,342
Receivables - Net	370,533	332,889	37,644
Inventory	9,030	12,967	(3,937)
Prepaids	1,150	-	1,150
Deferred Outflows of Resources	232,157	69,173	162,984
Capital Assets:			
Land and Construction in Progress	2,625,969	1,204,728	1,421,241
Other Capital Assets - Net	12,962,112	13,313,674	(351,562)
Total Capital Assets	15,588,081	14,518,402	1,069,679
Total Assets and Deferred Outflows	23,884,009	19,884,147	3,999,862
LIABILITIES AND DEFERRED INFLOWS			
Accounts Payable	610,128	153,520	456,608
Other Current Payables	50,944	392,583	(341,639)
Customer Deposits	71,651	59,287	12,364
Confiscated Deposits	89,515	90,936	(1,421)
Unearned Grant Revenue	596,004	298,002	298,002
Current Portion of Long Term Debt	223,026	119,549	103,477
Deferred Inflows of Resources	-	134,280	(134,280)
Net Pension Liability	406,339	63,967	342,372
Noncurrent Liabilities:			
Due in More Than One Year - Net	3,148,412	1,605,271	1,543,141
Total Liabilities and Deferred Inflows	5,196,019	2,917,395	2,278,624
NET ASSETS			
Net Investment in Capital Assets	12,308,350	12,576,098	$ (267,748)
Restricted for:			
Construction	954,349	636,879	317,470
Law Enforcement Activities	4,521	185,893	(181,372)
Unrestricted	5,420,772	3,567,882	1,852,890
Total Net Assets	$ 18,687,992	$ 16,966,752	$ 1,721,240
Net Position Increased By	$ 1,721,240		

CITY OF EMERSON
ACTUAL COMPARISONS FOR GENERAL FUND (Page # 14)
Current and Prior Year

	2023 Actual	2022 Actual	2021 to 2022 INCREASE (DECREASE)
REVENUES			
Taxes	$ 1,934,110	$ 1,585,593	$ 348,517
Licenses and Permits	654,179	99,995	554,184
Charges for Services	438,237	236,584	201,653
Fines and Forfeitures	518,918	514,888	4,030
Interest Income	1,088	150	938
Intergovernmental	40,707	51,738	(11,031)
Miscellaneous Income	4,969	8,065	(3,096)
Total Revenues	3,592,208	2,497,013	1,095,195
EXPENDITURES			
Current:			
Council Commissions and Boards	18,416	14,868	3,548
General Government	678,538	738,198	(59,660)
Municipal Court	222,215	201,806	20,409
Contracted Services	323,624	28,379	295,245
Public Safety	1,331,025	849,589	481,436
Public Works	430,417	501,256	(70,839)
Culture and Recreation	24,037	16,832	7,205
Total Expenditures	3,028,272	2,350,928	677,344
Excess (Deficiency) of Revenues Over (Under) Expenditures	563,936	146,085	417,851
OTHER FINANCING SOURCES (USES)			
Transfers In	162,041	148,609	13,432
Transfers Out			-
Proceeds From Financed Purchase	1,093,705	87,651	1,006,054
Proceeds From Asset Sale	-	43,719	(43,719)
Proceeds From Sale of Surplus Supplies	-	104,793	(104,793)
Proceeds From Insurance Recoveries	15,919	-	15,919
Total Other Financing Sources (Uses)	1,271,665	384,772	1,304,744
Net Change in Fund Balance	1,835,601	530,857	1,722,595
Fund Balance - Beginning of Year	2,494,386	1,963,529	530,857
Fund Balance - End of Year	$ 4,329,987	$ 2,494,386	$ 1,835,601

EMERSON

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Annual Financial Report

For the Fiscal Year Ended

June 30, 2023

By Authority of

The Mayor and City Council

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CITY OF EMERSON, GEORGIA
Annual Financial Report
Year Ended June 30, 2023

Table of Contents

FINANCIAL SECTION

Independent Auditor's Report 1

Basic Financial Statements:

Government Wide Financial Statements:

Statement of Net Position 7

Statement Of Activities 8

Fund Financial Statements:

Balance Sheet - Governmental Funds 11

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 12

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 13

Statement of Revenues, Expenditures, and Changes in Fund Balances-General Fund-Budget and Actual 14

Statement of Revenues, Expenditures, and Changes in Fund Balance Hotel/Motel Tax - Special Revenue Fund - Budget and Actual 15

Statement of Revenues, Expenditures, and Changes in Fund Balance Confiscated Asset - Special Revenue Fund - Budget and Actual 16

Statement of Revenues, Expenditures, and Changes in Fund Balance School Zone Camera - Special Revenue Fund - Budget and Actual 17

Statement of Net Position-Proprietary Funds 18

Statement of Revenues, Expenses, and Changes in Fund Net Position-Proprietary Funds 19

Statement of Cash Flows-Proprietary Funds 20

Notes to the Financial Statements 21

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios 42

Schedule of Contributions - Pension Plan 43

Capital Project Fund Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balance - 2014 SPLOST - Capital Projects Fund - Budget and Actual From Inception 46

Schedule of Revenues, Expenditures, and Changes in Fund Balance - 2014 SPLOST - Capital Projects Fund - Budget and Actual From Inception 47

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* 51

Schedule of Special Local Option Sales Tax Expenditures - 2014 SPLOST 53

Schedule of Special Local Option Sales Tax Expenditures - 2020 SPLOST 54

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Financial Section

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
Of the City of Emerson, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Emerson, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Emerson, 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, and each major fund of the City of Emerson, Georgia as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Hotel/Motel Tax Special Revenue Fund, the Confiscated Asset Special Revenue Fund, and the School Zone Camera Special Revenue Fund 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 of Emerson, 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.

Change In Accounting Principle

As described in Note 1 to the financial statements, in fiscal 2023, the City adopted new accounting guidance, *GASB Statement No. 96 Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities Of Management For The Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Emerson, 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 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 of Emerson, 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 Emerson, 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

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Liability and Related Ratios on page 42 and the Schedule of Contributions – Pension Plan on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Emerson's basic financial statements. The capital projects fund budgetary comparisons on pages 46 and 47 and the Schedules of Special Purpose Local Option Sales Tax Expenditures on pages 53 and 54 as required by the Georgia code section OCGA §48-8-121, 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 capital projects fund budgetary comparisons and the schedules of special purpose local option sales tax expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2023, on our consideration of the City of Emerson, 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 Emerson, 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 Emerson, Georgia's internal control over financial reporting and compliance.

Williamson + Company

Williamson and Company
Certified Public Accountants
Cartersville, Georgia
December 8, 2023

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Basic Financial Statements

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CITY OF EMERSON, GEORGIA
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	$ 5,683,912	$ 1,999,146	$ 7,683,058
Receivables - Net	234,492	136,041	370,533
Inventory	-	9,030	9,030
Prepaids	1,150	-	1,150
Internal Balances	111,918	(111,918)	-
Capital Assets			
Other Capital Assets-Net	1,291,327	11,670,785	12,962,112
Land and Construction in Progress	1,893,863	732,106	2,625,969
Total Assets	9,216,662	14,435,191	23,651,853
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan	210,405	21,752	232,157
Total Deferred Outflows of Resources	210,405	21,752	232,157
Total Assets and Deferred Outflows of Resources	9,427,067	14,456,942	23,884,009
LIABILITIES			
Accounts Payable	83,303	526,825	610,128
Accrued Liabilities	28,020	2,924	30,944
Retainage Payable	-	20,000	20,000
Customer Deposits	-	71,651	71,651
Unearned Grant Revenue	596,004	-	596,004
Unreleased Confiscated Deposits	89,515	-	89,515
Net Pension Liability	368,224	38,115	406,339
Noncurrent Liabilities:			
Due Within One Year	141,617	81,409	223,026
Due in More Than One Year	1,046,639	2,101,773	3,148,412
Total Liabilities	2,353,322	2,842,696	5,196,018
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	-	-	-
Total Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	2,353,322	2,842,696	5,196,018
NET POSITION			
Net Investment in Capital Assets	2,087,793	10,220,557	12,308,350
Restricted for:			
Capital Projects	954,349	-	954,349
Law Enforcement Activities	4,521	-	4,521
Unrestricted	4,027,082	1,393,690	5,420,772
Total Net Position	$ 7,073,745	$ 11,614,246	$ 18,687,992

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

CITY OF EMERSON, GEORGIA
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Council, Commissions, and Boards	$ 18,416	$ -	$ -	$ -
General Government	960,001	1,081,201	-	579,816
Municipal Court	224,054	654,374	-	-
Contracted Services	323,624	-	-	-
Public Safety	1,122,326	3,909	-	-
Public Works	510,826	-	-	40,707
Culture and Recreation	38,805	9,720	-	-
Water and Sewer	81,897	-	-	-
Interest on Long-term Debt	40,458	-	-	-
Total Governmental Activities	3,320,407	1,749,204	-	620,523
Business-type Activities:				
Water/Sewer	2,397,857	2,684,801	-	-
Solid Waste	193,535	190,513	-	-
Total Business-type Activities	2,591,392	2,875,314	-	-
Total Primary Government	$ 5,911,799	$ 4,624,518	$ -	$ 620,523

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

CITY OF EMERSON, GEORGIA
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Totals
Primary Government:			
Governmental Activities:			
Council, Commissions, and Boards	$ (18,416)	$	$ (18,416)
General Government	701,016		701,016
Municipal Court	430,320		430,320
Contracted Services	(323,624)		(323,624)
Public Safety	(1,118,417)		(1,118,417)
Public Works	(470,119)		(470,119)
Culture and Recreation	(29,085)		(29,085)
Water and Sewer	(81,897)		(81,897)
Interest on Long-term Debt	(40,458)		(40,458)
Total Governmental Activities	(950,680)		(950,680)
Business-type Activities:			
Water/Sewer		286,944	286,944
Solid Waste		(3,022)	(3,022)
Total Business-type Activities		283,922	283,922
Total Primary Government			(666,758)
General Revenues:			
Taxes:			
Sales	727,917	-	727,917
Property	708,092	-	708,092
Hotel/Motel	431,351	-	431,351
Motor Vehicle	67,891	-	67,891
Insurance Premium	118,489	-	118,489
Malt & Mixed Beverage	42,127	-	42,127
Franchise	178,125	-	178,125
Business Occupation	21,122	-	21,122
Excise	49,629	-	49,629
Intangible	12,615	-	12,615
Transfer	7,551	-	7,551
Investment Earnings	1,615	-	1,615
Miscellaneous	19,895	1,578	21,473
Transfers	(144,841)	144,841	-
Total General Revenues	2,241,578	146,419	2,387,997
Change in Net Position	1,290,898	430,341	1,721,239
Beginning Net Position	5,782,847	11,183,905	16,966,752
Ending Net Position	$ 7,073,745	$ 11,614,246	$ 18,687,991

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

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CITY OF EMERSON, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2023

	General	Capital Projects 2014 SPLOST Fund	Capital Projects 2020 SPLOST Fund	Hotel Motel Tax Special Revenue	Confiscated Assets Special Revenue	School Zone Camera Special Revenue	American Rescue Plan Special Revenue	Total Governmental Funds
ASSETS								
Cash	$ 3,919,019	$ 100,924	$ 749,778	$ 220,156	$ 92,887	$ 5,144	$ 596,004	$ 5,683,912
Receivables, Net								
Taxes	64,337	-	-	50,968	-	-	-	115,305
Fines	15,540	-	-	-	-	-	-	15,540
Intergovernmental	-	-	103,647	-	-	-	-	103,647
Prepaids	-	-	-	-	1,149	-	-	1,149
Due from Other Funds	136,037	-	-	-	-	-	-	136,037
Total Assets	$ 4,134,933	$ 100,924	$ 853,425	$ 271,124	$ 94,036	$ 5,144	$ 596,004	$ 6,055,590
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	$ 68,422	$ -	$ -	$ 14,881	$ -	$ -	$ -	$ 83,303
Accrued Payroll Liabilities	28,020	-	-	-	-	-	-	28,020
Due to Other Funds	-	-	-	-	-	24,118	-	24,118
Unearned Revenue	-	-	-	-	-	-	596,004	596,004
Unreleased Confiscated Deposits	-	-	-	-	89,515	-	-	89,515
Total Liabilities	96,442	-	-	14,881	89,515	24,118	596,004	820,960
Deferred Inflows of Resources	537	-	-	-	-	-	-	537
Total Liabilities and Deferred Inflows of Resources	96,979	-	-	14,881	89,515	24,118	596,004	821,497
Fund Balance:								
Restricted for:								
Law Enforcement Activities	-	-	-	-	4,521	-	-	4,521
Capital Projects	-	100,924	853,425	-	-	-	-	954,349
Committed	-	-	-	256,243	-	-	-	256,243
Unassigned	4,037,954	-	-	-	-	(18,974)	-	4,018,980
Total Fund Balances	4,037,954	100,924	853,425	256,243	4,521	(18,974)	-	5,234,093
Total Liabilities and Fund Balances	$ 4,134,933	$ 100,924	$ 853,425	$ 271,124	$ 94,036	$ 5,144	$ 596,004	$ 6,055,590

Reconciliation of the Balance Sheet to the Statement of of Net Position

Fund Balances - Total Governmental Funds		$ 5,234,093
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		
Governmental Capital Assets	4,449,082	
Less Accumulated Depreciation	(1,263,892)	3,185,190
Unearned revenues are recognized in the governmental funds for property tax collections but are not recognized in the statement of net position		537
A portion of pension plan contributions are for future use and are considered deferred outflows of resources.		210,405
Differences between expected and actual returns on pension plan investments are not recognized at the fund level, yet presented as a deferred inflow of resources on the Statement of Net Position.		-
Long-term liabilites are not due and payable in the current perod and therefore are not reported in the governmental funds.		
Financed Purchase Agreements	(59,666)	
Note Payable	(1,037,731)	
Compensated Abscences	(90,859)	
Net Pension Liability	(368,224)	(1,556,480)
Net Position of Governmental Activities		$ 7,073,745

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

CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Capital Projects 2014 SPLOST Fund	Capital Projects 2020 SPLOST Fund	Hotel Motel Tax Special Revenue	Confiscated Assets Special Revenue	School Zone Camera Special Revenue	American Rescue Plan Special Revenue	Total Governmental Funds
REVENUES								
Taxes	$ 1,934,110	$ -	$ -	$ 431,351	$ -	$ -	$ -	$ 2,365,461
Licenses and Permits	654,179	-	-	-	-	-	-	654,179
Fines and Forfeitures	518,918	-	-	-	1,420	135,456	-	655,794
Charges for Services	438,237	-	-	-	-	-	-	438,237
Intergovernmental	40,707	-	579,816	-	-	-	-	620,523
Miscellaneous Income	4,969	-	-	-	-	-	-	4,969
Interest Income	1,088	236	-	-	292	-	-	1,616
Total Revenues	3,592,208	236	579,816	431,351	1,712	135,456	-	4,740,779
EXPENDITURES								
Current Operating:								
Council Commission & Boards	18,416	-	-	-	-	-	-	18,416
General Government	678,538	16,062	-	218,789	-	-	-	913,389
Municipal Court	222,215	-	-	-	-	-	-	222,215
Contracted Services	323,624	-	-	-	-	-	-	323,624
Public Safety	1,331,025	-	4,601	-	6,867	154,498	-	1,496,991
Public Works	430,417	-	-	-	-	-	-	430,417
Culture and Recreation	24,037	-	9,422	-	-	-	-	33,459
Water and Sewer System	-	17,950	63,947	-	-	-	-	81,897
Capital Outlay:								
Public Safety	-	171,543	72,321	-	13,229	18,689	-	275,782
Public Works	-	43,929	-	-	-	-	-	43,929
Culture and Recreation	-	-	10,000	23,179	-	-	-	33,179
Water and Sewer System	-	-	78,927	-	-	-	-	78,927
Debt Service			-					
Principal	-	-	-	-	-	92,457	-	92,457
Interest	-	-	-	-	-	40,458	-	40,458
Total Expenditures	3,028,272	249,484	239,218	241,968	20,096	306,102	-	4,085,140
Excess (Deficiency) of Revenues Over (Under) Expenditures	563,936	(249,248)	340,598	189,383	(18,384)	(170,646)	-	655,639
OTHER FINANCING SOURCES (USES)								
Transfers In	162,041	-	292,033	-	-	-	-	454,074
Transfers Out	(292,033)	(65,914)	-	(162,041)	-	-	-	(519,988)
Proceeds from Note Payable	1,093,705	-	-	-	-	-	-	1,093,705
Proceeds from Insurance Recoveries	15,919	-	-	-	-	-	-	15,919
Total Other Financing Sources (Uses)	979,632	(65,914)	292,033	(162,041)	-	-	-	1,043,710
Net Change in Fund Balances	1,543,568	(315,162)	632,631	27,342	(18,384)	(170,646)	-	1,699,349
Fund Balance - Beginning of Year	2,494,386	416,086	220,794	228,901	22,905	151,672	-	3,534,744
Fund Balance - End of Year	$ 4,037,954	$ 100,924	$ 853,425	$ 256,243	$ 4,521	$ (18,974)	$ -	$ 5,234,093

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

CITY OF EMERSON, 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 June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		$ 1,699,349
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation		
Expenditures for Capital Assets	887,132	
Less Current Year Depreciation	(174,069)	713,063
Transfers of capital assets between governmental and business-type activities are not reported in the governmental fund statements		(78,927)
Deferred revenues are recognized in the governmental funds for property tax collections but are not recognized in the statement of net position		(552)
Governmental funds report monthly pension plan premiums as current period expenditures while governmental activities record a portion of those payments as deferred outflow of resources.		148,641
Changes in the value of the pension plan are not reflected in the governmental funds, however they are accounted for in the governmental activities.		119,899
Governmental funds report proceeds from financed purchases as revenue while governmental activites report a liability		(1,093,705)
Governmental funds report payments on debt principal as expenditures while those expenditures are treated as a reduction of the liability in the statement of net position		
Principal Reduction		92,457
Governmental funds do not report changes in long-term liabilities while governmental activities report a liability and the changes to such liability.		
Compensated Absences	(18,771)	
Net Pension Liability	(311,107)	(329,878)
Change in Net Position of Governmental Activities		$ 1,270,347

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

CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenditures, and Change in Fund Balance
General Fund - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 1,689,500	$ 1,865,365	$ 1,934,110	$ 68,745
Licenses and Permits	316,000	644,100	654,179	10,079
Fines and Forfeitures	452,000	476,200	518,918	42,718
Charges for Services	373,410	417,910	438,237	20,327
Intergovernmental	35,000	40,700	40,707	7
Miscellaneous Income	6,500	4,080	4,969	889
Interest Income	500	820	1,088	268
Total Revenues	2,872,910	3,449,175	3,592,208	143,033
EXPENDITURES				
Current				
Council Commission & Boards	21,010	30,300	18,416	11,884
General Government	887,500	993,585	678,538	315,047
Municipal Court	284,480	296,030	222,215	73,815
Contracted Services	191,500	373,000	323,624	49,376
Public Safety	1,108,650	1,291,140	1,331,025	(39,885)
Public Works	532,790	575,940	430,417	145,523
Culture and Recreation	31,380	48,580	24,037	24,543
Total Expenditures	3,057,310	3,608,575	3,028,272	580,303
Excess (Deficiency) of Revenues Over (Under) Expenditures	(184,400)	(159,400)	563,936	723,336
OTHER FINANCING SOURCES				
Transfers In	159,400	159,400	162,041	2,641
Proceeds from Note Payable	-	-	1,093,705	1,093,705
Proceeds from Insurance Recoveries	10,000	-	15,919	15,919
Total Other Financing Sources	184,400	159,400	1,271,665	1,112,265
Net Change in Fund Balance	-	-	1,835,601	1,835,601
Fund Balance - Beginning of Year	$ 2,494,386	$ 2,494,386	$ 2,494,386	$ 530,857
Fund Balance - End of Year	$ 2,494,386	$ 2,494,386	$ 4,329,987	$ 1,835,601

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

CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Hotel/Motel Tax Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 425,000	$ 425,000	$ 431,351	$ 6,351
Total Revenues	425,000	425,000	431,351	6,351
EXPENDITURES				
Current:				
General Government	230,600	225,600	218,789	6,811
Capital Outlay:				
Culture and Recreation	185,000	190,000	23,179	166,821
Total Expenditures	415,600	415,600	241,968	173,632
Excess of Revenues Over Expenditures	9,400	9,400	189,383	179,983
OTHER FINANCING SOURCES (USES)				
Transfers Out	(159,400)	(159,400)	(162,041)	(2,641)
Appropriated Fund Balance	150,000	150,000	-	(150,000)
Total Other Financing Sources (Uses)	(9,400)	(9,400)	(162,041)	(152,641)
Net Change in Fund Balance	-	-	27,342	27,342
Fund Balance - Beginning of Year	228,901	228,901	228,901	55,786
Fund Balance - End of Year	$ 228,901	$ 228,901	$ 256,243	$ 83,128

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

CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenditures, and Change in Fund Balance
Confiscated Assets Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fines and Forfeitures	$ 25,000	$ 25,000	$ 1,420	$ (23,580)
Miscellaneous Income	50,000	50,000	-	(50,000)
Interest Income	75	75	292	217
Total Revenues	75,075	75,075	1,712	(73,363)
EXPENDITURES				
Current:				
Public Safety	112,575	100,075	6,867	93,208
Capital Outlay:				
Public Safety	-	-	13,229	(13,229)
Total Expenditures	112,575	100,075	20,096	79,979
Deficiency of Revenues Under Expenditures	(37,500)	(25,000)	(18,384)	6,616
OTHER FINANCING SOURCES				
Appropriated Fund Balance	25,000	25,000	-	(25,000)
Total Other Financing Sources	25,000	25,000	-	(25,000)
Net Change in Fund Balance	(12,500)	-	(18,384)	(18,384)
Fund Balance - Beginning of Year	22,905	22,905	22,905	-
Fund Balance - End of Year	$ 10,405	$ 22,905	$ 4,521	$ (18,384)

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

CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenditures, and Change in Fund Balance
School Zone Camera Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fines and Forfeitures	$ 300,000	$ 150,000	$ 135,456	$ (14,544)
Total Revenues	300,000	150,000	135,456	(14,544)
EXPENDITURES				
Current:				
Public Safety	158,500	163,000	154,498	8,502
Capital Outlay				
Public Safety	7,500	19,000	18,689	311
Debt Service				
Principal	91,000	63,000	92,457	(29,457)
Interest	43,000	39,000	40,458	(1,458)
Total Expenditures	300,000	284,000	306,102	(22,102)
Excess of Revenues Over Expenditures	-	(134,000)	(170,646)	(36,646)
OTHER FINANCING SOURCES (USES)				
Appropriated Fund Balance	-	134,000	-	(134,000)
Total Other Financing Sources (Uses)	-	134,000	-	(134,000)
Net Change in Fund Balance	-	-	(170,646)	(170,646)
Fund Balance - Beginning of Year	151,672	151,672	151,672	-
Fund Balance - End of Year	$ 151,672	$ 151,672	$ (18,974)	$ (170,646)

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

CITY OF EMERSON, GEORGIA
Statement of Net Position
Proprietary Funds
June 30, 2023

	Water & Sewer	Solid Waste	Total
Assets			
Current Assets:			
Cash	$ 1,940,215	$ 58,930	$ 1,999,146
Accounts Receivable, Net	114,970	21,072	136,041
Due From Other Funds	1,785	-	1,785
Inventory	7,382	1,648	9,030
Total Current Assets	2,064,352	81,650	2,146,002
Noncurrent Assets:			
Equipment	435,104	138,555	573,659
Buildings and Improvements	35,132	-	35,132
Distribution and Collection Systems	16,268,360	-	16,268,360
Less Accumulated Depreciation	(5,067,810)	(138,555)	(5,206,366)
Land and Easements	2,700	-	2,700
Construction in Progress	729,406	-	729,406
Total Noncurrent Assets	12,402,891	-	12,402,891
Total Assets	14,467,243	81,650	14,548,894
Deferred Outflows of Resources			
Pension Plan	14,488	7,263	21,752
Total Deferred Outflows of Resources	14,488	7,263	21,752
Total Assets and Deferred Outflows of Resources	14,481,732	88,914	14,570,645
Liabilities			
Current Liabilities:			
Accounts Payable	522,153	4,672	526,825
Accrued Liabilities	2,063	861	2,924
Retainage Payable	20,000	-	20,000
Due to Other Funds	-	113,703	113,703
Customer Deposits	71,651	-	71,651
Compensated Absences	847	-	847
Note Payable	80,562	-	80,562
Total Current Liabilities	697,276	119,236	816,512
Noncurrent Liabilities:			
Note Payable	2,101,773	-	2,101,773
Net Pension Liability	25,355	12,759	38,115
Total Noncurrent Liabilities	2,127,128	12,759	2,139,887
Total Liabilities	2,824,404	131,995	2,956,399
Deferred Inflows of Resources			
Pension Plan	-	-	-
Total Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	2,824,404	131,995	2,956,399
Net Position			
Net Investment in Capital Assets	10,220,557	-	10,220,557
Unrestricted	1,436,771	(43,081)	1,393,690
Total Net Position	$ 11,657,328	$ (43,081)	$ 11,614,246

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

CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Water & Sewer	Solid Waste	Total
Operating Revenues			
Charges for Services	$ 2,655,867	$ 190,513	$ 2,846,380
Fees	28,934	-	28,934
Other Revenues	1,578	-	1,578
Total Operating Revenues	2,686,379	190,513	2,876,892
Operating Expenses			
Salaries, Wages, and Employee Benefits	152,567	73,165	225,732
Landfill Fees	6,564	32,531	39,095
Purchased Water	155,292	-	155,292
Materials and Supplies	189,528	8,947	198,475
System Maintenance	76,038	-	76,038
Purchased Services	213,149	-	213,149
Insurance Expense	26,306	4,646	30,952
Administrative Charge	180,070	39,010	219,080
General and Administrative	94,141	6,425	100,566
Other Repairs and Maintenance	7,810	28,371	36,181
Utilities	880,858	440	881,298
Depreciation Expense	344,169	-	344,169
Total Operating Expenses	2,326,492	193,535	2,520,027
Operating Income (Loss)	359,887	(3,022)	356,865
Nonoperating Revenues (Expenses)			
Interest Expense	(71,365)	-	(71,365)
Total Nonoperating Revenues (Expenses)	(71,365)	-	(71,365)
Income Before Contributions and Transfers	288,522	(3,022)	285,500
Capital Contributions	78,927	-	78,927
Transfers In	65,914	-	65,914
Total Contributions and Transfers	144,841	-	144,841
Change in Net Position	433,363	(3,022)	430,341
Net Position - Beginning	11,223,965	(40,060)	11,183,905
Net Position - Ending	$ 11,657,328	$ (43,082)	$ 11,614,246

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

CITY OF EMERSON, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Water & Sewer	Solid Waste	Total
Cash Flows From Operations			
Receipts from Customers and Users	$ 2,678,591	$ 186,191	$ 2,864,782
Payments to Suppliers and Users	(1,177,620)	(77,203)	(1,254,823)
Payments to/for Employees	(148,809)	(74,620)	(223,429)
Net Cash Provided by Operating Activities	1,352,162	34,368	1,386,530
Cash Flows From Noncapital Financing Activities			
Payments From Other Funds	65,914	-	65,914
Payment to Other Funds	(180,070)	(39,010)	(219,080)
Net Cash Provided by Noncapital Financing Activities	(114,156)	(39,010)	(153,166)
Cash Flows From Capital and Related Financing Activities			
Principal Paid	(78,084)	-	(78,084)
Debt Issuance	706,295	-	706,295
Interest Paid	(71,365)	-	(71,365)
Net Cash Used in Capital and Related Financing Activities	556,846	-	556,846
Cash Flows From Investing Activities			
Proceeds From Disposal of Capital Asset	-	-	-
Acquistion of Capital Assets	(683,772)	-	(683,772)
Net Cash Flows From Investing Activities	(683,772)	-	(683,772)
Net Increase in Cash	1,111,080	(4,642)	1,106,438
Cash - July 1, 2022	829,136	63,572	892,708
Cash - June 30, 2023	$ 1,940,216	$ 58,930	$ 1,999,146
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ 359,887	$ (3,022)	$ 356,865
Adjustments to Reconcile to Net Cash Provided by Operating Activities			
Depreciation	344,169	-	344,169
Administration Charges Paid to General Fund	180,070	39,010	219,080
(Increase) Decrease in Accounts Receivable	(20,152)	(4,322)	(24,474)
(Increase) Decrease in Inventory	1,871	1,965	3,836
(Increase) Decrease in Deferred Outflows of Resources	(6,204)	(3,495)	(9,699)
Increase (Decrease) in Accounts Payable & Accrued Payables	470,195	480	470,675
Increase (Decrease) in Customer Deposits	12,364	-	12,364
Increase (Decrease) in Compensated Absences	(504)	(1,109)	(1,613)
Increase (Decrease) in Deferred Inflows of Resources	(10,084)	(4,297)	(14,381)
Increase (Decrease) in Net Pension Liability	20,550	10,712	31,262
Net Cash Provided by (Used in) Operating Activities	$ 1,352,162	$ 35,922	$ 1,388,084
Noncash Investing, Capital, and Financing Activities			
Capital Contributions - Capital Projects Funds	$ 78,927	$ -	$ 78,927
	20,000	-	20,000
Acquisition of Capital Assets	(98,927)	-	(98,927)
Total Noncash Investing, Capital, and Financing Activities	$ -	$ -	$ -

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

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Emerson, Georgia was incorporated in 1889. The City operates under a City Council-City Manager form of government. The City provides the following services: Public Works (Streets), Public Utilities (Water and Solid Waste), Public Safety (Police), and Administrative Services. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the primary government and its component units. The City has no component units.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type. Fiduciary funds (if any) are not included in the government-wide statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, permits and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant FASB pronouncements and APB opinions issued on or prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City does not apply FASB pronouncement and APB opinions issued after November 30, 1989.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

D. Fund Types

Governmental Funds

The General Fund, the 2014 and 2020 SPLOST Capital Projects Funds, the Confiscated Asset Special Revenue Fund, the Hotel/Motel Tax Special Revenue Fund, the American Rescue Plan Special Revenue Fund, and the School Zone Camera Special Revenue Fund are the major governmental funds that the City reports. The General Fund is the primary fund of the City and accounts for all financial resources of the general government except those required to be reported in the other funds. The 2014 and 2020 SPLOST Capital Projects Funds accounts for specific revenues and expenditures that are approved through a voter resolution. The Confiscated Assets Special Revenue Fund accounts for cash received from confiscation or sale of assets acquired through confiscation. The Hotel/Motel Tax Special Revenue Fund accounts for hotel/motel tax receipts and tourism/economic development expenditures as required by statute. The American Rescue Plan Fund accounts for the receipt and use of the City's portion allocated under the American Rescue Plan passed by Congress in March 2021. The School Zone Camera fund accounts for receipts from targeted traffic violations and the related allowable expenditures to be used for police equipment and supplies.

Proprietary Funds

Proprietary funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is intended to be self-supporting. The City operates a water/sewer fund and a solid waste fund, both of which are presented as major proprietary funds. 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 these funds are charges to customers for sales and services. The Water/Sewer Fund recognizes as operating revenue the portion of tap fees intended to recover

the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. As a general rule, interfund activity has been eliminated from the government-wide financial statements. Exceptions to this are charges between the City's proprietary funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

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.

E. Assets, Liabilities, Net Position or Equity

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

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

3. **Due to and Due from Other Funds/Internal Balances.** During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered or interfund loans. Interfund transactions are recorded in all funds affected in the period in which transactions are executed. The balances which represent receivables and payables between governmental and business-type activities in the government-wide statements are reported as internal balances.

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

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

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

   General infrastructure assets acquired prior to June 15, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to June 15, 2003.

5. **Deferred Outflows/Inflows Of Resources.** In addition to assets, the Statement of Net Position and/or the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify as a deferred outflow of resources for fiscal 2023 and arises under the full accrual basis of accounting in the Statement of Net Position for the governmental activities, the business-type activities, and the proprietary funds. The sources of the deferred outflows are related to the City's contributions to the defined benefit pension plan and the changes in value of that plan.

   In addition to liabilities, the statement of Net Position and/or the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item under the modified accrual basis of accounting that qualifies as a deferred inflow of resources for fiscal 2023. It is property tax revenue that is considered unavailable at year end. There are no components of the deferred inflows of resources in the Statement of Net Position at the entity wide level and the Statement of Net Position at the proprietary fund level.

6. **Compensated Absences.** Full-time, permanent employees are granted vacation benefits. Vested or accumulated vacation leave is recorded as an expense and a liability when incurred in the proprietary fund financial statements and as a liability in the governmental funds only in the government-wide financial statements. Governmental funds only report the portion expected to be liquidated in the current year. The accrued liability is reported in the respective fund that will pay. For the governmental activities, compensated absences are generally liquidated by the General Fund.

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

8. **Long-term Debt, Bond Discounts, and Issuance Costs.** Outstanding debt and other obligations are reported as a liability in the government-wide and proprietary financial statements. Bond discounts/premiums for proprietary funds and governmental and business-type activities are capitalized and amortized over the term of the respective bonds using the straight-line method. Bond discounts are presented as a reduction in the face amount of bonds payable. In the fund financial statements, governmental funds recognize bond premiums, discounts, and bond issuance costs during the current period. The face amount of the debt issued is reported as an other financing source.

9. Net Position and Fund Balances.

The City's net position on the government-wide statement of net position is classified as follows:

Net Investment in Capital Assets – This represents the City's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – This represents resources for which the City is legally or contractually obligated to spend resources for capital projects and law enforcement activities in accordance with restrictions imposed by external third parties.

Unrestricted Net Position – These resources are used for transactions relating to general operations of the City, and may be used at the discretion of the City Council to meet current expenses for those purposes.

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund equity at the governmental fund financial reporting level is classified as fund balance. Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City's fund balances are classified as follows:

1) *Nonspendable Fund Balance* – Noncash assets such as inventories and prepaid items.

2) *Restricted Fund Balance* – Funds with limitations imposed on their use by external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted fund balance for governmental funds totaled $822,722 at June 30, 2023.

3) *Committed Fund Balance* – Amounts that can only be used for specific purposes pursuant to a majority vote of the City Council, the City's highest level of decision making authority by resolution. Commitments may only be modified or rescinded by a majority vote of the Council. Commitments must be adopted prior to the end of the year; however, the amount to be committed may be determined up to 120 days after year end. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Equity amounts in the City's Hotel/Motel Tax Fund are committed for the purpose of the fund.

4) *Assigned Fund Balance* – Amounts intended by the City Council for specific purposes. Under the City's adopted policy, amounts may be assigned by the finance committee, under the authorization of the City Council. Amounts appropriated to eliminate a projected deficit in the subsequent year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital project funds and debt service funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

5) *Unassigned Fund Balance* – Residual spendable fund balance for the General Fund after subtracting all above amounts.

When expenditures are incurred by the City that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds. When expenditures are incurred that qualify for payment from one of the three unrestricted fund balances categories, it will be applied in the following order: committed, assigned, then unassigned.

Note 2. Stewardship, Compliance and Accountability

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

No later than 45 days prior to the beginning of the fiscal year, the proposed budget is presented to the Mayor and Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The legal level of budgetary control is at the department level. Any changes in the budget must be within the revenues and reserves estimated as available by the manager or the revenues estimates must be changed by an affirmative vote of a majority of the Council, except for emergencies as defined by the charter and unanimously voted by Council. Last year's budget subject to amendment becomes the current year's budget if Council fails to act.

The 2023 General Fund and special revenue funds budgets were voted upon and adopted by the City Council. The public safety department in the General Fund went over budget by $39,885.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances at the end of the year were for immaterial amounts and therefore are not reported as reservations of fund balances.

The 2014 SPLOST Capital Projects Fund and the 2020 SPLOST Capital Projects Fund have a project length budget that was adopted when voters approved the Special Purpose Local Option Sales Tax referendums. The budgets of these funds are prepared for the projected total Special Purpose Local Option Sales Tax revenue and related expenditures.

Note 3. Deposits and Investments

Cash as of June 30, 2023 is as follows:

Statement of Net Position:	
Unrestricted Cash	$ 5,920,074
Restricted Cash	1,544,737
Total	$ 7,464,811

Restricted cash is reported in the 2014 and 2020 SPLOST Capital Projects Funds, the Confiscated Asset Special Revenue Fund, the American Rescue Plan Fund, and the School Zone Camera Special Revenue Fund.

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

Note 4. Receivables

Receivables as of June 30, 2023 consist of the following:

	General	Hotel/ Motel Tax	2020 SPLOST Capital Projects	Water and Sewer	Solid Waste	Total
Accounts	$ -	$ -	$ -	$ 129,777	$ 23,879	$ 153,656
Taxes	64,337	50,968	-	-	-	115,305
Fines	15,540	-	-	-	-	15,540
Intergovernmental	-	-	103,647	-	-	103,647
Allowances for Uncollectibles	-	-	-	(14,807)	(2,807)	(17,614)
Net	$ 79,877	$ 50,968	$103,647	$ 114,970	$ 21,072	$ 370,534

Taxes receivable include $63,236 of Local Option Sales Tax and $1,101 of property taxes. The intergovernmental receivable of $103,647 consists of accrued SPLOST collections for the 2020 SPLOST. Fines receivable were collected by a third party and owed to the City as of June 30, 2023.

Note 5. Property Tax

Bartow County bills and collects the City's real and personal property taxes. The Bartow County Tax Assessors Office assesses property values as of January 1 each year. The City's millage rate of 3.66 mils was approved by the City Council on August 8, 2022. The levy date was September 15, 2022 and taxes were due by November 15, 2022. After November 15, interest and penalties begin to accrue on unpaid balances and property is subject to lien.

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

Note 6. Interfund Receivables, Payables and Transfers

Due to/from Other Funds:

City-wide internal balances between governmental activities and business-type activities at June 30, 2023 were $111,918.

At the fund level, due to and due from balances were as follows:

Due To	Due From	Amount
General Fund	Solid Waste Fund	$ 111,918
General Fund	School Zone Camera Fund	24,118
		$ 136,036
Water Fund	Solid Waste Fund	$ 1,785

Interfund balances consist of routine transfers for payroll and related benefits and to subsidize operations.

Transfers and payments:

Routine transfers and payments between funds are to subsidize operations and capital asset acquisition. Fund level transfers for the fiscal year ended June 30, 2023 were as follows:

Source Fund	Transfer to Fund	Amount
Hotel/Motel Tax Fund	General Fund	$ 162,041
General Fund	2020 SPLOST Fund	$ 292,033

During fiscal 2023, the 2020 SPLOST Fund purchased capital improvements and equipment for the Water Fund totaling $78,927. These expenditures are treated as capital outlays at the fund level and transfers at the City-wide level.

Note 7. Capital Assets

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

Governmental Activities	Beginning Balance	Additions	Deletions	Transfers In/(Out)	Ending Balance
Nondepreciable Capital Assets					
Land	$ 640,452	$ -	$ -	$ -	$ 640,452
Construction In Progress	532,956	454,846	-	-	987,802
Total Nondepreciable Capital Assets	1,173,408	454,846	-	-	1,628,254
Depreciable Capital Assets					
Equipment	1,378,654	140,133	-	-	1,518,787
Buildings and Improvements	522,585	7,500	-	-	530,085
Infrastructure	566,230	284,653	-	(78,927)	771,956
Total Depreciable Capital Assets	2,467,469	432,286	-	(78,927)	2,820,828
Less Accumulated Depreciation For:					
Equipment	(689,025)	(152,436)	-	-	(841,461)
Buildings and Improvements	(250,291)	(10,699)	-	-	(260,990)
Infrastructure	(150,507)	(10,934)	-	-	(161,441)
Total Accumulated Depreciation	(1,089,823)	(174,069)	-	-	(1,263,892)
Total Depreciable Capital Assets, Net	1,377,646	258,217	-	(78,927)	1,556,936
Total Capital Assets, Net	$ 2,551,054	$ 713,063	$ -	$ (78,927)	$ 3,185,190

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

Administration	$ 5,825
Municipal Court	1,839
Public Safety	80,650
Public Works	80,409
Culture and Recreation	5,346
	$ 174,069

Business-type Activities	Beginning Balance	Additions	Deletions	Transfers In/(Out)	Ending Balance
Nondepreciable Capital Assets					
Land	$ 2,700	$ -	$ -	$ -	$ 2,700
Construction In Progress	28,620	590,721	-	-	619,341
Total Nondepreciable Capital Assets	31,320	590,721	-	-	622,041
Depreciable Capital Assets					
Equipment	573,659	-	-	-	573,659
Buildings and Improvements	35,132	-	-	-	35,132
Distribution and Collection System	16,189,433	-	-	78,927	16,268,360
Total Depreciable Capital Assets	16,798,224	-	-	78,927	16,877,151
Less Accumulated Depreciation For:					
Equipment	(499,843)	(10,738)	-	-	(510,581)
Buildings and Improvements	(18,611)	(616)	-	-	(19,227)
Distribution and Collection System	(4,343,742)	(332,815)	-	-	(4,676,557)
Total Accumulated Depreciation	(4,862,196)	(344,169)	-	-	(5,206,365)
Total Depreciable Capital Assets, Net	11,936,028	(344,169)	-	78,927	11,670,786
Total Capital Assets, Net	$ 11,967,348	$ 246,552	$ -	$ 78,927	$ 12,292,827

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

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

Note 8. Deferred Outflows/Inflows of Resources

In addition to assets, the proprietary funds' Statement of Net Position and the entity-wide Statement of Net Position report a separate section for deferred outflows of resources. This separate financial statement element represents contributions to the City's pension plan during the fiscal year that were to be used in future periods and certain changes in the calculation of the pension plan's value that were not recognized as City expenses during the fiscal year ended June 30, 2023.

In addition to liabilities, the proprietary funds' Statement of Net Position and the entity-wide Statement of Net Position report a separate section for deferred inflows of resources. This separate financial statement element represents certain changes in the calculation of the pension plan's value that are not recognized as City income during the fiscal year ended June 30, 2023.

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents unearned revenue in the form of property taxes not available in the current fiscal year. These amounts are recognized in the period they become available.

Note 9. Financed Purchase Agreements

The City has entered into a financed purchase agreement with Magnolia Bank as creditor for financing the acquisition of a 2022 Ford F-150. The interest rate on this agreement is 3.54%. If the amount financed is paid in full, the title to the property is transferred to the City. The City's equipment under the finance agreement has a cost of $37,588. Depreciation expense for fiscal 2023 was $7,518 and accumulated depreciation on the vehicle was $7,518 at year end.

The City has entered into a financed purchase agreement with Magnolia Bank as creditor for financing the acquisition of a police equipped 2021 Dodge Charger. The interest rate on this agreement is 4.99%. If the amount financed is paid in full, the title to the property is transferred to the City. The City's equipment under the finance agreement has a cost of $50,063. Depreciation expense for fiscal 2023 was $10,013 and accumulated depreciation on the vehicle was $10,013 at year end.

The City has entered into a financed purchase agreement with Magnolia Bank as creditor for financing the acquisition of a police equipped 2019 Dodge Charger. The interest rate on the finance agreement is 4.00%. If the amount financed is paid in full, the title to the property is transferred to the City. The City's equipment under the finance agreement has a cost of $24,930. Depreciation expense for fiscal 2023 was $4,986 and accumulated depreciation on the vehicle was $14,958 at year end.

The following is a schedule of the combined future minimum payments of all financed purchases and the present value of the net minimum payments at June 30, 2023:

Year Ending June 30	Governmental Activities
2025	31,802
2026	31,802
Less Accumulated Interest Paid	(3,938)
Present Value of Minimum Lease Payments	$ 59,666

Payments scheduled for fiscal 2024 were paid at the end of fiscal 2023.

Note 10. Long-term Liabilities

Note Payable:

The City has entered into an agreement with the Georgia Environmental Finance Authority (GEFA) to fund improvements and expansion of its Wastewater Treatment Plant and related infrastructure. The project was completed, and the loan closed in fiscal 2018. The total amount drawn down for project costs was $1,714,053. Monthly debt service on the loan began in December 2017 in the amount of $6,961 including interest calculated at 2.71%.

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

Year Ending June 30	Principal	Interest	Total
2024	$ 43,087	$ 40,447	$ 83,534
2025	44,872	38,662	83,534
2026	46,104	37,430	83,534
2027	47,369	36,165	83,534
2028	48,668	34,866	83,534
2029-2033	264,122	153,550	417,672
2034-2038	302,401	115,271	417,672
2039-2043	346,230	71,442	417,672
2044-2048	369,334	21,358	390,692
Totals	$ 1,512,187	$ 549,191	$ 2,061,378

Note Payable:

The City issued a note payable with Truist Bank to fund improvements to the police department building and the City's water system. The amount borrowed was $1,800,000. Annual debt service on the loan began in June 2023 in the amount of $158,181 including interest calculated at 3.67%.

The following schedule presents debt service requirements to maturity for the Truist Bank note payable:

Year Ending	Governmental Activities-Police		Business-type Activities-Water		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 58,026	$ 38,084	$ 37,475	$ 24,595	$ 95,501	$ 62,679
2025	60,156	35,954	38,850	23,220	99,006	59,174
2026	62,364	33,747	40,276	21,794	102,640	55,541
2027	64,653	31,458	41,754	20,316	106,407	51,774
2028	67,026	29,085	43,286	18,784	110,312	47,869
2029-2033	373,880	106,672	241,459	68,891	615,339	175,563
2034-2037	351,626	32,840	227,048	21,209	578,674	54,049
Totals	$ 1,037,731	$ 307,840	$ 670,148	$ 198,809	$1,707,879	$ 506,649

Changes in long-term liabilities

The following is a summary of the City's debt transactions for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Financed Purchases	$ 96,149	$ -	$ (36,483)	$ 59,666	$ 29,195
Note Payable	-	961,095	(55,974)	905,121	58,026
Compensated Absences	72,088	74,015	(54,396)	91,707	54,396
Total Governmental Activities	$ 168,237	$ 74,015	$ (90,879)	$ 151,373	$ 141,617
Business-type Activities:					
Note Payable	$ 1,554,123	$ 620,258	$ (78,084)	$ 2,096,297	$ 80,562
Compensated Absences	2,460	4,841	(6,454)	847	847
Total Business-type Activities	$ 1,556,583	$ 625,099	$ (84,538)	$ 2,097,144	$ 81,409

The General Fund is used to liquidate compensated absences of the governmental funds.

Note 11. Pension Plan

Plan Description. The City has a non-contributory defined benefit plan covering all full time employees. The plan, the City of Emerson Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer defined benefit plan. GMEBS policy direction and oversight for the fund is provided by a 15 member board comprised of elected and appointed officials from the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The City established its plan effective July 1, 1990, and the authority to establish, amend or discontinue the plan remains with the City. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire at 65 years of age with 5 years of service or at age 55 with 10 years of service. Benefits are calculated at 1.25% to 2.0% of the average monthly earnings for the period of the five highest years prior to retirement.

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

As of January 1, 2022, employee membership data related to the current plan was as follows:

Retired Participants	15
Terminated Vested Participants	21
Participants active during the plan year ended December 31, 2021 (including 5 elected officials)	
Vested	14
Nonvested	9
Total Participants	59

Funding Policy and Annual Contributions. The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of the assets. The period and related method of amortizing the unfunded actuarial accrued liability is 30 years from July 1, 1991, and the current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. On the basis of current valuation, dated January 1, 2022, it was determined that the current contribution rate is 6.47% of annual covered payroll.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section §47-20-10). According to the latest actuarial valuation, dated January 1, 2022, the estimated minimum annual contribution under these funding standards is $63,733.

The contribution to the plan during the fiscal year ended June 30, 2023 was $66,014 ($0 employee and $66,014 employer; 0% and 7.83% of covered payroll respectively) and was made in accordance with contribution requirements determined by an actuarial valuation as of January 1, 2022. The City's current year covered payroll amounted to $834,077 based upon the actuarial valuation of January 1, 2022.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of September 30, 2022, along with the Total Pension Liability (TPL) and Fiduciary Net Position (FNP) used to calculate the NPL. These actuarial assumptions are based on the results of an actuarial measurement date of September 30, 2022.

Actuarial Assumptions: The total pension liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	2.25%, plus service based merit increases
Investment Rate of Return	7.375%, net of pension plan investment expense, including inflation
Cost of Living Adjustment	N/A

Mortality Rates:

Healthy retirees and beneficiaries - Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25

Disabled Participants - Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25

Active, Terminated Vested, and Deferred Beneficiary Participants - Sex-distinct Pri-2012 head-count weighted Employee Mortality Table

Plan termination basis (all llives) – 1994 Group Annuity Reserving Unisex Table

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

Actuarial Methods:

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	45%	6.40%
International Equity	20%	6.80%
Global Fixed Income	5%	0.46%
Domestic Fixed Income	20%	0.40%
Real Estate	10%	3.90%
Cash	0%	
Total	100%	

Changes in Net Pension Liability

	(a) (TPL) Total Pension Liability	(b) (FPL) Fiduciary Net Position	(a)-(b) (NPL) Net Pension Liability
Balances at September 30, 2021	$ 1,286,727	$ 1,222,760	$ 63,967
Changes for the Year			
Service Cost	38,921	-	38,921
Interest	96,415	-	96,415
Differences Between Expected and Actual Experience	64,580	-	64,580
Contributions - Employer	-	68,579	(68,579)
Net Investment Income	-	(203,897)	203,897
Benefit Payments, Including Refunds of Employee Contributions	(36,652)	(36,652)	-
Administrative Expense	-	(7,137)	7,137
Other	-	-	-
Net Changes	163,264	(179,107)	342,371
Balances at September 30, 2022	$ 1,449,991	$ 1,043,653	$ 406,338

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

Sensitivity of the NPL to Changes in Discount Rate

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Total Net Pension (Asset) Liability	$ 616,846	$ 406,338	$ 231,185

For the year ended June 30, 2023, the City recognized pension expense of $116,842. At June 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions for future periods	$ 49,511	$ -
Difference between expected and actual experience	46,213	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments and changes in assumptions	136,433	-
Total	$ 232,157	$ -

Pension plan contributions subsequent to the measurement date of $49,511 are reported as deferred outflows of resources and will be recognized as a net reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2024	$ 54,093
2025	43,374
2026	26,108
2027	58,998
2028 and After	-

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

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

Note 12. Deferred Compensation Plan

The City of Emerson has adopted a deferred compensation plan in accordance with provisions of the Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The City of Emerson 457 Plan is a defined contribution plan. The plan allows all full-time employees to voluntarily defer up to 28% of gross compensation up to $7,500 per year and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. All administrative costs are deducted from the participant's account.

The plan is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the City. In addition, the participants in the plan have rights equal to his or her share of the fair value of the plan assets.In accordance with GASB Statement No. 32, the City does not report the deferred compensation plan assets in its financial statements because the City does not play an active role in the administration of the plan or perform investment functions for the plan.

Note 13. Restricted Assets and Restricted Net Position/Fund Balance

Restricted Assets

At June 30, 2023, the City's restricted assets consisted of externally restricted cash accounts maintained in the Confiscated Asset Special Revenue Fund, the School Zone Camera Special Revenue Fund, the American Rescue Plan Special Revenue Fund, and the 2014 and 2020 SPLOST Capital Project Funds. There are no restricted assets in the City's proprietary funds.

Restricted Net Position or Fund Balance

Restrictions are used to indicate that a portion of the net position or fund balance is not available for all expenditures or expenses and is legally segregated for a specific future use. The City's restricted net position and fund balance are concentrated in the governmental activities and governmental funds and are as follows:

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

Restricted for capital projects – Created to segregate money received from SPLOST and certain grant proceeds where the use of funds is restricted to approved expenditures or expenses.

Restricted Net Position and Fund Balances at June 30, 2023 are as follows:

Law Enforcement	$ 185,893
Capital Projects	638,879
	$ 824,772

Note 14. Contingencies

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

Note 15. Risk Management

At year-end, there were no legal actions taken by or against the City that would have an adverse effect on the City's financial condition. The City is a defendant in various lawsuits. Although the outcome is not presently determinable, in the opinion of the City's attorney, the resolution of the any current legal matters will not have a material adverse effect on the financial condition of the City. The City is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters for which the City carries insurance.

The City has joined with other municipalities in the State as part of the Georgia Interlocal Risk Management Agency (GIRMA) for its property and liability insurance, and the Worker's Compensation Self-Insurance Fund (WCSIF) to provide risk coverage for injuries to employees. Both are public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers the risk pool.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, cooperate with the pools' agents and attorneys, follow loss reduction procedures established by the fund, and to promptly report all incidents that could result in the fund being required to pay any claim of loss. The City is also to allow the fund'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 that is within the scope of loss protection furnished by the fund.

The fund is to defend and protect its members against liability or loss as prescribed in the member governments' contracts and in accordance with the worker's compensation laws of Georgia. The funds are to pay all costs against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

During the past three years, the costs of any settlements have not exceeded insurance coverage.

Note 16. Joint Venture

The City of Emerson is a member of the Northwest Georgia Regional Commission. The NGRC was created under the laws of the State of Georgia and cities and counties in the area served by the NGRC are required to be members. The membership of the NGRC includes 10 counties and 35 municipalities. Bartow County pays annual membership dues on behalf of the City. The City has no equity interest in the NGRC nor does the City materially contribute to the continued existence of the NGRC. The Official Code of Georgia Annotated Section §50-8-39.1 states that in the event the NGRC ceases operation, the membership can be assessed for any debt or obligation of the NGRC. Separate financial statements may be obtained from Northwest Georgia Regional Commission, P. O. Box 1793, Rome, Georgia 30162.

Note 17. Special Purpose Local Option Sales Tax

In November 2012, Bartow County voters approved a referendum for the continuation of a special one percent sales and use tax be imposed in Bartow County for a period of time not to exceed twenty-four calendar quarters, or until there is collected net proceeds of $193,000,000, for various capital outlay purposes. Actual collection of the tax began January 1, 2014 and ended December 31, 2019. The City of Emerson's distributive share of this amount was projected to be $3,787,814 or 1.97%. The City is to use the proceeds from the tax for various infrastructure, capital equipment and water/sewer improvements.

In May 2018, Bartow County voters approved a referendum for the continuation of a special one percent sales and use tax imposed in Bartow County for a period of time not to exceed twenty-four calendar quarters, or until there is collected net proceeds of $160,000,000, for various capital outlay purposes. Actual collection of the tax began January 1, 2020 and is projected to end December 31, 2025. The City of Emerson's distributive share of this amount is projected to be $2,482,200 or 1.97%. The City is to use the proceeds from the tax for various infrastructure and utility system improvements, facility improvements, and capital equipment acquisitions.

Note 18. Construction Commitments

As of June 30, 2023, the City was not obligated to any construction commitments.



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Required Supplementary Information

CITY OF EMERSON, GEORGIA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Previous Ten Fiscal Periods

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	$ 38,921	$ 37,746	$ 39,213	$ 42,823	$ 32,862	$ 30,519	$ 26,466	$ 20,659	$ 27,632	
Interest	96,415	88,764	80,873	75,358	67,541	61,275	54,593	48,227	49,957	
Benefit Changes	-	-	-	-	-	-	-	-	-	
Differences Between Expected and Actual Experienc	64,580	9,477	22,049	(5,985)	24,319	2,290	35,046	42,381	(63,197)	
Changes of Assumptions	-	-	-	-	-	-	-	-	(4,318)	
Benefit Payments, Including Refunds	(36,652)	(30,199)	(37,134)	(30,919)	(29,993)	(30,641)	(29,129)	(29,130)	(35,664)	
Other	-	-	-	17,254	-	13,273	-	-	-	
Net Change in Total Pension Liability	163,264	105,788	105,001	98,531	94,729	76,716	86,976	82,137	(25,590)	
Total Pension Liability - Beginning	1,286,727	1,180,939	1,075,939	977,408	882,679	805,963	718,987	636,850	662,440	
Total Pension Liability - Ending	$ 1,449,991	$ 1,286,727	$ 1,180,940	$1,075,939	$ 977,408	$ 882,679	$ 805,963	$718,987	$636,850	
Plan Net Position										
Contributions - Employer	$ 68,579	$ 53,323	$ 57,390	$ 48,904	$ 40,754	$ 34,362	$ 27,100	$ 31,122	$ 32,531	
Contributions - Member	-	-	-	-	-	-	-	-	-	
Net Investment Income	(203,897)	236,597	85,568	25,716	75,130	99,070	66,656	6,757	61,504	
Benefit Payments, Including Refunds	(36,652)	(30,199)	(37,134)	(30,919)	(29,993)	(30,641)	(29,129)	(29,130)	(35,664)	
Administrative Expense	(7,137)	(7,277)	(7,050)	(6,737)	(7,172)	(7,557)	(3,959)	(4,330)	(3,500)	
Other	-	-	-	-	-	-	-	-	-	
Net Change in Plan Net Position	(179,107)	252,444	98,774	36,964	78,719	95,234	60,668	4,419	54,871	
Plan Net Position - Beginning	1,222,760	970,316	871,542	834,578	755,859	660,625	599,904	595,485	540,614	
Plan Net Position - Ending	$ 1,043,653	$ 1,222,760	$ 970,316	$ 871,542	$ 834,578	$ 755,859	$ 660,572	$599,904	$595,485	
Net Pension Liability - Ending	$ 406,338	$ 63,967	$ 210,624	$ 204,397	$ 142,830	$ 126,820	$ 145,391	$119,083	$ 41,365	
Total Pension Liability	$ 1,449,991	$ 1,286,727	$ 1,180,940	$1,075,939	$ 977,408	$ 882,679	$ 805,963	$718,987	$636,850	
Plan Net Position	1,043,653	1,222,760	970,316	871,542	834,578	755,859	660,572	599,904	595,485	
Net Pension Liability	$ 406,338	$ 63,967	$ 210,624	$ 204,397	$ 142,830	$ 126,820	$ 145,391	$119,083	$ 41,365	
Ratio of Plan Net Position to Total Pension Liability	71.98%	95.03%	82.16%	81.00%	85.39%	85.63%	81.96%	83.44%	93.50%	
Covered Employee Payroll	$ 1,151,044	$ 834,077	$ 824,306	$ 888,810	$ 808,577	$ 680,138	$ 639,887	$635,125	$566,461	
Net Pension Liability as a Percentage of Covered Employee Payroll	35.30%	7.67%	25.55%	23.00%	17.66%	18.65%	22.72%	18.75%	7.30%	

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ 64,110	$ 61,770	$ 58,170	$ 57,130	$ 46,162	$ 38,951	$ 32,833	$ 25,189	$ 33,099	*
Contributions in Relation to the Actuarially Determined Contribution	64,110	61,770	58,170	57,130	46,162	38,951	32,833	25,189	33,099	*
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	*
Covered Employee Payroll	$ 834,077	$ 824,306	$ 888,810	$ 808,577	$ 680,138	$ 639,887	$ 635,125	$513,162	$ 566,461	*
Contributions As a Percentage of Covered Employee Payroll	7.69%	7.49%	6.54%	7.07%	6.79%	6.09%	5.17%	4.91%	5.84%	*

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

Notes to Schedule:

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary to be within 20% of market value.
Inflation	2.75%
Salary Increases	2.75% plus age and service based merit increases
Investment Rate of Return	7.375% net pension plan investment expense, including inflation
Retirement Age	Normal - 65; Early - 55
Mortality	The mortality and economic actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.
Other Information	This schedule is presented to illustrate the requirement to show information for 10 years. However, a full 10 year trend is not available. The actuarially determined contribution rate was determined as of January 1 with an interest adjustment to the fiscal year. Contributions in relation to these actuarially determined contribution rates will be reported for the fiscal years ending June 30.

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Supplementary Section

CITY OF EMERSON, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Fund - 2014 SPLOST - Budget and Actual
From Inception and For the Year Ended June 30, 2023

	Actual			Project Authorization
	Prior Years	Current Year	Total to Date	
Revenues				
Intergovernmental	$ 1,875,879	$ -	$ 1,875,879	$ 3,787,814
Interest Income	51,294	236	51,530	-
Total Revenues	1,927,173	236	1,927,409	3,787,814
Expenditures				
Current				
General Government	198,587	16,062	214,649	192,673
Public Works	181,040	-	181,040	31,129
Water and Sewer System	26,112	17,950	44,062	44,062
Capital Outlays				
General Government	42,741	-	42,741	42,741
Public Safety	7,125	171,543	178,668	-
Public Works	822,771	43,929	866,700	822,771
Water and Sewer System	516,313	-	516,313	2,588,524
Total Expenditures	1,794,689	249,484	2,044,173	3,721,900
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	132,484	(249,248)	(116,764)	65,914
Other Financing Sources				
Transfer In	105,302	-	105,302	-
Transfers Out	-	(65,914)	(65,914)	(65,914)
Proceeds from Asset Sale	178,300	-	178,300	-
Total Other Financing Sources	283,602	(65,914)	217,688	(65,914)
Net Change in Fund Balance	$ 416,086	(315,162)	$ 100,924	$ -
Fund Balance - Beginning of Year		416,086		
Fund Balance - End of Year		$ 100,924		

CITY OF EMERSON, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Fund - 2020 SPLOST - Budget and Actual
From Inception and For the Year Ended June 30, 2023

	Actual			Project Authorization
	Prior Years	Current Year	Total to Date	
Revenues				
Intergovernmental	$ 1,007,474	$ 579,816	$ 1,587,290	$ 2,482,200
Total Revenues	1,007,474	579,816	1,587,290	2,482,200
Expenditures				
Current				
General Government	5,753	-	5,753	5,753
Public Safety	21,512	4,601	26,113	26,113
Public Works	70,839	-	70,839	70,839
Culture and Recreation	3,970	9,422	13,392	3,970
Water and Sewer System	19,500	63,947	83,447	83,447
Capital Outlays				
General Government	-	-	-	369,247
Public Safety	631,977	72,321	704,298	348,887
Public Works	-	-	-	429,161
Culture and Recreation	-	10,000	10,000	496,030
Water and Sewer System	33,129	78,927	112,056	648,753
Total Expenditures	786,680	239,218	1,025,898	2,482,200
Excess of Revenues Over Expenditures	220,794	340,598	561,392	-
Other Financing Sources				
Transfer In	-	292,033	292,033	-
Total Other Financing Sources	-	292,033	292,033	-
Net Change in Fund Balance	$ 220,794	632,631	$ 853,425	$ -
Fund Balance - Beginning of Year		220,793		
Fund Balance - End of Year		$ 853,425		

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Compliance Section

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LLOYD WILLIAMSON
CHRISTIAN HATCH

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
Emerson, 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 the City of Emerson, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Emerson, Georgia's basic financial statements and have issued our report thereon dated December 8, 2023.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Emerson, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate for 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 Emerson, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Emerson, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report On Compliance And Other Matters

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

Purpose Of This Report

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

Williamson + Company

Williamson and Company
Certified Public Accountants
Cartersville, Georgia
December 8, 2023

CITY OF EMERSON,GEORGIA

2014 SPLOST - Schedule of Special Purpose Local Option Sales Tax Expenditures

For the Fiscal Year Ended June 30, 2023

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
SPLOST 2014					
Water Projects					
Water System Improvements	$ 1,515,000	$ 1,515,000	$ 76,941	$ 83,864	$ 160,805
Sewer Projects					
Sewer System Improvements	1,183,500	1,183,500	360,162	-	360,162
Road Projects					
Road Projects	345,000	345,000	521,272	215,472	736,744
Storm Sewer System					
Storm Sewer System Improvements	158,900	158,900	4,976	-	4,976
Public Works					
Replacement of Public Works Equipment	350,000	350,000	477,563	-	477,563
Information Technology					
Information Technology	235,414	235,414	248,473	16,062	264,535
Total	$ 3,787,814	$ 3,787,814	$ 1,689,387	$ 315,398	$ 2,004,785

The 2014 SPLOST Fund made debt service payments on the note payable for the storage shed for the water department. These payments are reflected as transfers to the Water Fund on the financial statements where the note payable is present

Note: This schedule is prepared on the modified accrual basis of accounting.

In fiscal 2021 the 2014 SPLOST Fund purchased land for the sewer system. In fiscal 2022 the City disposed of the land and transferred the cost of the land back into the 2014 SPLOST Fund. For purposes of reporting the cumulative expenditures of the 2014 SPLOST on this schedule, the proceeds from the land disposal are presented as a reduction to current year SPLOST expenditures. Total 2014 SPLOST expenditures in fiscal 2022 were $50,890.

CITY OF EMERSON,GEORGIA

2020 SPLOST - Schedule of Special Purpose Local Option Sales Tax Expenditures

For the Fiscal Year Ended June 30, 2023

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
SPLOST 2020					
Utility System Improvements Utility system improvements to include facilities, buildings, equipment and vehicles, stormwater and appurtences; water and sewer lines and treatment facilities, engineering and land planning, information technology	$ 732,200	$ 732,200	$ 52,629	$ 142,874	$ 195,503
Public Safety Improvements Public safety facilities, buildings, equipment and vehicles, engineering and land planning, information technology	375,000	375,000	653,489	76,922	730,411
Transportation Improvements Road, street, and bridge purposes, including construction, paving, resurfacing, striping, right of way improvements, intersection improvements, signaling, signage, drainage improvements, school zone improvements, culverts, sidewalks, engineering and land planning, information technology.	500,000	500,000	70,839	-	70,839
Public Service Improvements Public service facilities, buildings, parks and recreation, equipment and vehicles, engineering and land planning, information technology	500,000	500,000	3,970	19,422	23,392
Support Services Improvements Support service facilities, buildings, equipment and vehicles, engineering and land planning, information technology.	375,000	375,000	5,753	-	5,753
Total	$ 2,482,200	$ 2,482,200	$ 786,680	$ 239,218	$ 1,025,898

Note: This schedule is prepared on the modified accrual basis of accounting.

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

December 8, 2023

To the Mayor and Members of the City Council
City of Emerson, Georgia

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of the City of Emerson, Georgia for the year ended June 30, 2023, and have issued our report thereon dated December 8, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 9, 2023. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Emerson are described in Note 1 to the financial statements. The City adopted *GASB Statement No. 96, Subscription Based Information Technology Agreements* in fiscal 2023. We noted no transactions entered into by the City of Emerson during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

> Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.
>
> The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 8, 2023.

Other Audit Issues

Internal Balances Between General Fund and Solid Waste Fund

We continue to recommend clearing this amount out through an accounting transfer. This would allow the Solid Waste fund to emerge from a fund balance deficit that currently exists. In the future, if the Solid Waste fund can generate a cash surplus, it can make annual operating transfers into the General Fund.

As always, Williamson & Company is available to assist with the above recommendation or any other accounting issues for the entire year and not just during the year-end audit period.

This information is intended solely for the use of the City Council and management of the City of Emerson, Georgia and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Williamson + Company

Williamson and Company
Certified Public Accountants
Cartersville, Georgia