CITY OF FLOVILLA, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022

CITY OF FLOVILLA, GEORGIA

FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

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FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council
City of Flovilla, Georgia
Flovilla, 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 Flovilla, Georgia** (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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 as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Sanitation 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 ("GAAS"). and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 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 judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Ac**c**ounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") (on pages 4 through 10) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") 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 limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedules of expenditures of Special Purpose Local Option Sales Tax Proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121 and are not a required part of the basic financial statements. The accompanying Community Development Block Grant program project cost schedule, as listed in the table of contents, is presented for purposes of additional analysis and is 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 schedules of expenditures of Special Purpose Local Option Sales Tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
June 21, 2023

CITY OF FLOVILLA, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

This Management's Discussion and Analysis ("MD&A") of the City of Flovilla's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2022. The intent of this MD&A is to look at the City's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- In the Statement of Net Position, the assets of the City exceeded its liabilities at the close of the most recent fiscal year by $3,026,884. Unrestricted net position was approximately $665,038.
- The City's total net position increased by $309,762 for governmental activities and decreased by $51,894 for business-type activities.
- Total net position is comprised of the following:
    - Net investment in capital assets of $1,703,033 includes property and equipment, net of accumulated depreciation, reduced by outstanding debt related to the purchase or construction of capital assets.
    - Net position restricted for capital projects, program purposes, and debt service in the amount of $455,194.
    - Unrestricted net position of $756,225.
- The City's governmental funds reported total ending fund balance of $1,173,033. This represents an increase of $329,030 from prior year's balance of $844,003.
- Unassigned fund balance of the General Fund was $623,462 as of December 31, 2022.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of two parts – *Financial Section* (which includes the MD&A, the financial statements, required supplementary information, and supplementary information) and the *Compliance Section*.

Financial Statements

This MD&A is intended to serve as an introduction to the City's financial statements. The City's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government-wide statements and fund financial statements.

Government-wide Financial Statements. The financial statements include two kinds of statements that present different views of the City. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the differences between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include the governing body, financial administration, municipal court, fire department, roads and streets, and sanitation. Taxes, business licenses, building permits, and state and federal grant revenues finance most of these activities. The business-type activities is the City's water operation for which it charges its customers to provide. The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements. The fund financial statements provide a more detailed look at the City's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in Georgia, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the general statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow (in and out), and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* is described in a reconciliation that is a part of the fund financial statements.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Sanitation Fund, Special Purpose Local Option Sales Tax ("SPLOST") Fund, ARPA Fund, and Community Development Block Grant ("CDBG") Fund. The governmental fund financial statements can be found as listed in the table of contents.

Proprietary Fund – The City maintains one type of proprietary fund. Enterprise funds are used to account for operations that: a) are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise fund, a component of proprietary funds, is the same as the business-type activities we report in the government-wide statements, but they give more detailed information such as cash flow.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

Other Information – In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. Required supplementary information can be found as listed in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position as of December 31, 2022 and 2021:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	**2022**	2021	**2022**	2021
Assets:						
Current and other assets	**$ 1,980,888**	$ 858,531	**$ 202,533**	$ 218,090	**$ 2,183,421**	$ 1,076,621
Capital assets, net	**687,462**	706,730	**1,283,853**	1,345,329	**1,971,315**	2,052,059
Total assets	**2,668,350**	1,565,261	**1,486,386**	1,563,419	**4,154,736**	3,128,680
Liabilities:						
Current liabilities	**807,855**	14,528	**69,694**	76,929	**877,549**	91,457
Long-term liabilities	**-**	-	**250,303**	268,207	**250,303**	268,207
Total liabilities	**807,855**	14,528	**319,997**	345,136	**1,127,852**	359,664
Net Position:						
Net investment in capital assets	**687,462**	706,730	**1,015,571**	1,059,825	**1,703,033**	1,766,555
Restricted	**549,595**	319,392	**18,031**	18,031	**567,626**	337,423
Unrestricted	**623,438**	524,611	**132,787**	140,427	**756,225**	665,038
Total net position	**$ 1,860,495**	$ 1,550,733	**$ 1,166,389**	$ 1,218,283	**$ 3,026,884**	$ 2,769,016

The City's total assets of $4,154,724 increased approximately $1,026,044 from the prior year, while the City's total liabilities increased approximately $768,188.

At the end of the current and prior fiscal year, the City was able to report positive balances in all three categories of net position.

The following table shows the changes in the City's net position for the years ended December 31, 2022 and 2021.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	**2022**	2021	**2022**	2021
Revenues						
Program revenues:						
Charges for services	**$ 88,691**	$ 196,663	**$ 246,127**	$ 237,706	**$ 334,818**	$ 434,369
Operating grants	**18,545**	-	**-**	-	**18,545**	-
Capital grants	**285,025**	318,005	**-**	-	**285,025**	318,005
General revenues:						
Taxes	**485,628**	401,315	**-**	-	**485,628**	401,315
Interest and investment income	**212**	86	**204**	39	**416**	125
Other general revenues	**38,954**	36,189	**-**	-	**38,954**	36,189
Total revenues	**917,055**	952,258	**246,331**	237,745	**1,163,386**	1,190,003
Expenses						
Governing body	**118,178**	43,645	**-**	-	**118,178**	43,645
Financial administration	**238,281**	169,691	**-**	-	**238,281**	169,691
Fire department	**103,039**	216,690	**-**	-	**103,039**	216,690
Roads and streets	**75,041**	276,492	**-**	-	**75,041**	276,492
Sanitation	**72,754**	48,723	**-**	-	**72,754**	48,723
Water supply	**-**	-	**298,225**	314,878	**298,225**	314,878
Total expenses	**607,293**	755,241	**298,225**	314,878	**905,518**	1,070,119
Increase (decrease) in net position before transfers	**309,762**	197,017	**(51,894)**	(77,133)	**257,868**	119,884
Change in net position	**309,762**	197,017	**(51,894)**	(77,133)	**257,868**	119,884
Net position, beginning of year	**1,550,733**	1,353,716	**1,218,283**	1,295,416	**2,769,016**	2,649,132
Net position, end of year	**$ 1,860,495**	$ 1,550,733	**$ 1,166,389**	$ 1,218,283	**$ 3,026,884**	$ 2,769,016

Governmental Activities – Revenues exceeded expenses by approximately $309,000 in 2022 for its governmental activities. Revenues decreased over the prior year by approximately $35,000 (4%) to approximately $917,000, due primarily to a decrease in grants and taxes. Expenses increased by approximately $148,000 (24%) to approximately $607,000 from the prior year. Overall, governmental activities operations increased the City's net position by approximately $309,000 in 2022.

Business-type Activities – Expenses exceeded revenues by approximately $51,000 in 2022 for the business-type activities. Revenues increased by approximately $9,000 (1%) to approximately $246,000 from the prior year primarily due to increased charges for services. Expenses decreased by approximately $16,000 (7%) to approximately $298,000. Overall, business-type activities decreased the City's net position by approximately $51,000.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $1,173,000, an increase of approximately $329,000 (39%) from the prior year fund balance. The increase in fund balance was the result of revenues of approximately $917,000 exceeding expenses of approximately $588,000. The changes in revenues, expenditures and other financing sources/uses are explained in further detail below.

Approximately $623,000 (53%) of the total governmental fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is restricted for capital projects ($455,000) and restricted for program purposes ($94,000).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was approximately $623,000. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund of approximately $623,000 represents approximately 104% of total General Fund expenditures. Highlights for the General Fund were as follows:

- Total fund balance increased by approximately $99,000 (19%) due to revenues of approximately $561,000 exceeding expenditures of approximately $381,000.
- General Fund revenues decreased approximately $157,000, while expenditures decreased approximately $121,000.

In addition, the fund balances of the Sanitation Fund decreased approximately $3,000, the fund balance of the ARPA fund increased approximately $84,000, and the fund balance of the SPLOST Fund increased approximately $152,000.

Proprietary Funds – The City's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Net position of the Water Supply Fund at the end of the year was approximately $1,166,000. This was a decrease of approximately $51,000 (5%) from the prior year. Details of the activity in the Water Supply Fund are provided under Business-type Activities on the previous page.

Budgetary Highlights

The City's budget is prepared according to Georgia law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the General Fund and the Sanitation Fund. There were no significant budget amendments made during 2022.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City's investment in capital assets as of December 31, 2022 and 2021, amounted to approximately $1,971,000 and $2,052,000 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings, improvements, park improvements, vehicles, machinery and equipment, and water systems.

The City's capital assets (net of depreciation) as of December 31, 2022 and 2021, were as follows:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	**2022**	2021	**2022**	2021
Land	**$ 70,657**	$ 70,657	**$ 310,669**	$ 310,669	**$ 381,326**	$ 381,326
Equipment and buildings	**538,260**	553,973	**4,207**	6,227	**542,467**	560,200
Infrastructure	**78,545**	82,100	**968,977**	1,028,433	**1,047,522**	1,110,533
Total	**$ 687,462**	$ 706,730	**$ 1,283,853**	$ 1,345,329	**$ 1,971,315**	$ 2,052,059

The total decrease in the City's investment in capital assets for the current fiscal year was approximately $81,000 (3%). Major capital asset events during the current fiscal year included the following:

- Capital asset additions of approximately $58,000, which consisted primarily of vehicles.
- Depreciation expense of approximately $77,000 for governmental activities and approximately $61,000 for business-type activities.

Additional information on the City's capital assets can be found in Note 4 of the notes to the financial statements.

Long-Term Debt

As of December 31, 2022 and 2021, the City had total outstanding debt of approximately $268,000 and $286,000, respectively. The City's total debt as of December 31, 2022 and 2021, were as follows:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	**2022**	2021	**2022**	2021
Revenue bonds payable	**$ -**	$ -	**$ 268,282**	$ 285,504	**$ 268,282**	$ 285,504
Total	**$ -**	$ -	**$ 268,282**	$ 285,504	**$ 268,282**	$ 285,504

Additional information regarding the City's long-term obligations can be found in Note 5 in the notes to the financial statements.

ECONOMIC FACTORS AFFECTING THE CITY

The U.S. Census Bureau estimates a current population growth rate of 0.7% for Butts County. While the City of Flovilla has not experienced any significant growth within the City limits, officials expect the growth in the county to spill over into the City limits within the next five years.

REQUESTS FOR CITY INFORMATION

This report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitments to public accountability. If you have any questions regarding this report, or you need additional financial information, please contact the City's Mayor by writing to 308 Heard Street, Flovilla, Georgia 30216.

CITY OF FLOVILLA, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,236,172	$ 143,599	$ 1,379,771
Taxes receivable	41,339	-	41,339
Accounts receivable, net	11,030	3,343	14,373
Prepaid expense	3,776	100	3,876
Due from other governments	688,571	-	688,571
Restricted assets, cash	-	55,491	55,491
Capital assets:			
Non-depreciable	70,657	310,669	381,326
Depreciable, net of accumulated depreciation	616,805	973,184	1,589,989
Total assets	2,668,350	1,486,386	4,154,736
LIABILITIES			
Accounts payable	14,594	8,391	22,985
Customer deposits	-	37,460	37,460
Unearned revenue	793,261	5,864	799,125
Revenue bonds payable due within one year	-	9,310	9,310
Revenue bonds payable due in more than one year	-	97,730	97,730
Note payable due within one year	-	8,669	8,669
Note payable due in more than one year	-	152,573	152,573
Total liabilities	807,855	319,997	1,127,852
NET POSITION			
Net investment in capital assets	687,462	1,015,571	1,703,033
Restricted for:			
Capital projects	455,194	-	455,194
Program purposes	94,401	-	94,401
Debt service	-	18,031	18,031
Unrestricted	623,438	132,787	756,225
Total net position	$ 1,860,495	$ 1,166,389	$ 3,026,884

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

CITY OF FLOVILLA, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Primary government							
Governmental activities:							
Governing body	$ 118,178	$ 18,994	$ -	$ 16	$ (99,168)	$ -	$ (99,168)
Financial administration	238,281	-	-	-	(238,281)	-	(238,281)
Municipal court	-	-	18,545	17,795	36,340	-	36,340
Fire department	103,039	-	-	-	(103,039)	-	(103,039)
Roads and streets	75,041	-	-	267,214	192,173	-	192,173
Sanitation	72,754	69,697	-	-	(3,057)	-	(3,057)
Total governmental activities	607,293	88,691	18,545	285,025	(215,032)	-	(215,032)
Business-type activities:							
Water supply	298,225	246,127	-	-	-	(52,098)	(52,098)
Total business-type activities	298,225	246,127	-	-	-	(52,098)	(52,098)
Total primary government	$ 905,518	$ 334,818	$ 18,545	$ 285,025	(215,032)	(52,098)	(267,130)
General revenues:							
Local option sales tax					391,323	-	391,323
Alcoholic beverage taxes					10,475	-	10,475
Insurance premium taxes					53,345	-	53,345
Other taxes					30,485	-	30,485
Franchise fees					38,954	-	38,954
Unrestricted investment earnings					212	204	416
Total general revenues					524,794	204	524,998
Change in net position					309,762	(51,894)	257,868
Net position, beginning of year					1,550,733	1,218,283	2,769,016
Net position, end of year					$ 1,860,495	$ 1,166,389	$ 3,026,884

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

CITY OF FLOVILLA, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Sanitation Fund	SPLOST Fund	CDBG Fund	ARPA Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 587,574	$ 88,714	$ 374,460	$ -	$ 185,424	$ 1,236,172
Receivables:						
Taxes	41,339	-	-	-	-	41,339
Accounts	-	11,030	-	-	-	11,030
Prepaid expenditures	3,776	-	-	-	-	3,776
Due from other funds	-	-	-	-	-	-
Due from other governments	-		-	607,837	80,734	688,571
Total assets	$ 632,689	$ 99,744	$ 374,460	$ 607,837	$ 266,158	$ 1,980,888
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 9,227	$ 5,343	$ -	$ 24	$ -	$ 14,594
Unearned revenues	-	-	-	607,837	185,424	793,261
Due to other funds	-	-	-	-	-	-
Total liabilities	9,227	5,343	-	607,861	185,424	807,855
FUND BALANCES						
Restricted for:						
Capital projects	-	-	374,460	-	80,734	455,194
Program purposes	-	94,401	-	-	-	94,401
Unassigned	623,462	-	-	(24)	-	623,438
Total fund balances	623,462	94,401	374,460	(24)	80,734	1,173,033
Total liabilities and fund balances	$ 632,689	$ 99,744	$ 374,460	$ 607,837	$ 266,158	$ 1,980,888

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - total governmental funds	$ 1,173,033
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	687,462
Net position of governmental activities	$ 1,860,495

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

CITY OF FLOVILLA, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Sanitation Fund	SPLOST Fund	CDBG Fund	ARPA Fund	Total Governmental Funds
Revenues						
Sales taxes	$ 391,323	$ -	$ -	$ -	$ -	$ 391,323
Alcoholic beverage taxes	10,475	-	-	-	-	10,475
Insurance premium taxes	53,345	-	-	-	-	53,345
Other taxes	30,485	-	-	-	-	30,485
Franchise fees	38,954	-	-	-	-	38,954
Licenses and permits	1,860	-	-	-	-	1,860
Intergovernmental	17,795	-	230,965	36,179	18,545	303,484
Sanitation fees	-	69,697	-	-	-	69,697
Cemetery	1,900	-	-	-	-	1,900
Interest revenue	212	-	70	-	-	282
Other revenues	15,234	-	-	16	-	15,250
Total revenues	561,583	69,697	231,035	36,195	18,545	917,055
Expenditures						
Current:						
Governing body	43,410	-	8	-	18,545	61,963
Financial administration	210,220	-	-	-	-	210,220
Fire department	69,905	-	-	-	-	69,905
Roads and streets	58,463	-	-	-	-	58,463
Sanitation	-	72,754	-	-	-	72,754
Capital outlay	-	-	78,497	36,223	-	114,720
Total expenditures	381,998	72,754	78,505	36,223	18,545	588,025
Excess (deficiency) of revenues over (under) expenditures	179,585	(3,057)	152,530	(28)	-	329,030
Other financing sources (uses)						
Transfer in	-	-	-	-	80,734	80,734
Transfer out	(80,734)	-	-	-	-	(80,734)
Total other financing sources (uses)	(80,734)	-	-	-	80,734	-
Net change in fund balances	98,851	(3,057)	152,530	(28)	80,734	329,030
Fund balances - beginning of year	524,611	97,458	221,930	4	-	844,003
Fund balances (deficit) - end of year	$ 623,462	$ 94,401	$ 374,460	$ (24)	$ 80,734	$ 1,173,033

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

CITY OF FLOVILLA, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds.	$	329,030
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		(19,268)
Change in net position - governmental activities	$	309,762

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

CITY OF FLOVILLA, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Sales taxes	$ 345,000	$ 345,000	$ 391,323	$ 46,323
Alcoholic beverage taxes	12,000	12,000	10,475	(1,525)
Insurance premium taxes	53,800	53,800	53,345	(455)
Other taxes	32,000	32,000	30,485	(1,515)
Intergovernmental	3,000	3,000	17,795	14,795
Franchise fees	36,500	36,500	38,954	2,454
Licenses and permits	2,700	2,700	1,860	(840)
Cemetery	4,000	4,000	1,900	(2,100)
Interest revenue	30	30	212	182
Other revenues	13,266	13,266	15,234	1,968
Total revenues	502,296	502,296	561,583	59,287
EXPENDITURES				
Governing body:				
Personnel services/employee benefits	38,350	38,350	37,156	1,194
Purchased/contracted services	7,000	7,000	6,254	746
Total governing body	45,350	45,350	43,410	1,940
Financial administration:				
Personnel services/employee benefits	122,100	122,100	94,133	27,967
Purchased/contracted services	108,816	108,816	70,840	37,976
Supplies	68,200	68,200	45,247	22,953
Total financial administration	299,116	299,116	210,220	88,896
Fire department:				
Personnel services/employee benefits	9,100	9,100	8,933	167
Purchased/contracted services	54,250	54,250	53,068	1,182
Supplies	8,500	8,500	7,904	596
Total fire department	71,850	71,850	69,905	1,945
Roads and streets:				
Personnel services/employee benefits	43,350	43,350	30,355	12,995
Purchased/contracted services	42,630	42,630	28,108	14,522
Total roads and streets	85,980	85,980	58,463	27,517
Total expenditures	502,296	502,296	381,998	120,298
Excess of revenues overexpenditures	-	-	179,585	(179,585)
Other financing uses				
Transfers out	-	-	(80,734)	(80,734)
Total other financing uses	-	-	(80,734)	(80,734)
Net change in fund balances	-	-	98,851	(98,851)
Fund balances, beginning of year	524,611	524,611	524,611	-
Fund balances, end of year	$ 524,611	$ 524,611	$ 623,462	$ (98,851)

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

CITY OF FLOVILLA, GEORGIA

SANITATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Sanitation fees	$ 63,500	$ 63,500	$ 69,697	$ 6,197
Total revenues	63,500	63,500	69,697	6,197
EXPENDITURES				
Purchased/contracted services	63,500	63,500	72,754	(9,254)
Total expenditures	63,500	63,500	72,754	(9,254)
Net change in fund balances	-	-	(3,057)	(3,057)
Fund balances, beginning of year	97,458	97,458	97,458	-
Fund balances, end of year	$ 97,458	$ 97,458	$ 94,401	$ (3,057)

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

CITY OF FLOVILLA, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2022

	Water Supply Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 143,599
Accounts receivable, net of allowance	3,343
Prepaid expense	100
Restricted cash	55,491
Total current assets	202,533
NON-CURRENT ASSETS	
Capital assets:	
Non-depreciable	310,669
Depreciable, net of accumulated depreciation of $1,399,721	973,184
Total non-current assets	1,283,853
Total assets	$ 1,486,386
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 8,391
Accrued interest	5,864
Customer deposits	37,460
Revenue bonds payable	9,310
Notes payable	8,669
Total current liabilities	69,694
NON-CURRENT LIABILITIES	
Revenue bonds payable	97,730
Notes payable	152,573
Total non-current liabilities	250,303
Total liabilities	$ 319,997
NET POSITION	
Net investment in capital assets	$ 1,015,571
Restricted for debt service	18,031
Unrestricted	132,787
Total net position	$ 1,166,389

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

CITY OF FLOVILLA, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water Supply Fund
OPERATING REVENUES	
Charges for services	$ 221,409
Connection fees	11,930
Penalties and late fees	6,508
Miscellaneous	6,280
Total operating revenues	246,127
OPERATING EXPENSES	
Personnel services and benefits	78,135
Water purchase	448
Purchased/contracted services	132,042
Supplies	24,649
Depreciation	61,476
Total operating expenses	296,750
Operating loss	(50,623)
NON-OPERATING INCOME (EXPENSE)	
Interest income	204
Interest expense	(1,475)
Total non-operating expense, net	(1,271)
Change in net position	(51,894)
Net position - beginning of year	1,218,283
Net position - ending of year	$ 1,166,389

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

CITY OF FLOVILLA, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water Supply Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 238,781
Cash paid to suppliers	(234,965)
Net cash provided by operating activities	3,816
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on bonds	(8,780)
Principal paid on notes payable	(8,442)
Interest paid	(2,275)
Net cash used in capital and related financing activities	(19,497)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	204
Net cash provided by investing activities	204
Net decrease in cash and cash equivalents	(15,477)
Cash and cash equivalents	
Beginning of year	214,567
End of year	$ 199,090
Classified as:	
Cash and cash equivalents	$ 143,599
Restricted cash	55,491
	$ 199,090

(Continued)

CITY OF FLOVILLA, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water Supply Fund
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (50,623)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	61,476
Changes in assets and liabilities:	
Decrease in accounts receivable	180
Increase in prepaid expense	(100)
Increase in accounts payable	309
Decrease in customer deposits	(7,426)
Net cash used in operating activities	$ 3,816

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City of Flovilla was chartered by an act of the General Assembly of the State of Georgia. The City operates under a Mayor-Council form of government and provides general and administrative services, highways and streets, parks and recreation, sanitation, water services, and fire protection and police services through shared responsibility with Butts County, Georgia. As required by GAAP, the financial statements of the reporting entity include the accounts of all City operations and all activities of the City.

In conformity with GASB Statement No. 14, *the Financial Reporting Entity*, as amended by GASB No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB No. 61, *The Financial Reporting Entity: Omnibus*, GASB No. 80, *Blending Requirements for Certain Component Units*, GASB No. 84, *Fiduciary Activities*, and GASB No. 90, *Majority Equity Interests* – an amendment of GASB Statements No. 14 and No. 61*,* the City was determined to have no component units as of December 31, 2022.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and the proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The City reports the following major governmental funds:

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

The ***Sanitation Fund*** accounts for monies collected from the City's citizens for garbage pickup within the City and remitted to the private entity providing this service.

The ***Special Purpose Local Option Sales Tax*** ("***SPLOST") Fund*** is used to account for monies received from SPLOST and spent on projects approved by the SPLOST referendum.

The ***Community Development Block Grant*** ("***CDBG") Fund*** is used to account for proceeds and expenditures of the CDBG receivable from the Georgia Department of Community Affairs.

The ***American Rescue Plan Act*** *("**ARPA") Fund* accounts for funds, used by the City to aid public health and economic recovery from the COVID-19 pandemic.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary fund:

> The ***Water Supply Fund*** accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services provided. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the 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 non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with GAAP for the General Fund, Sanitation Fund, SPLOST Fund, ARPA Fund, and CDBG Fund. An enterprise fund budget is prepared and utilized as a management tool to access the operations of the Water Supply Fund. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution and amended as required for the General Fund, Sanitation Fund, and Water Supply Fund. A project length budget is adopted for the SPLOST Fund and the CDBG Fund. All annual appropriations lapse at the end of each year. The City did not adopt a budget for the ARPA fund for the year ended December 31, 2022.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

The City code provides for the following procedures in establishing the budgetary data reflected in these financial statements:

The City's annual budget is prepared based on anticipated revenues and appropriated expenditures. The responsibility of budgeting is with the City Council and Mayor. Budgetary discussions are held in October or November. The budget is presented in December of each fiscal year. The City Council is responsible for the adoption and approval of each fiscal year's budget. The City Council must approve all budget revisions or changes. Budgets are adopted on a basis consistent with GAAP. The budget is adopted at the department level.

E. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with original maturities of three months or less meet this definition.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds".

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

All trade and tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water charges are accrued as receivables and revenue at December 31, 2022.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2022 are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Assets

The Water Supply Fund, based on certain bond covenants, is required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt. Customer deposits that must be refunded upon the termination of service are also restricted.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $2,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. In accordance with GASB 34, the City has elected not to include infrastructure acquired prior to January 1, 2004.

Major outlays for capital assets and major improvements are capitalized as projects are constructed.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	30 – 40
Water system and lines	30 – 40
Machinery and equipment	7 – 10
Vehicles	5 – 10
Infrastructure	40 – 50
Recreational facilities	10 – 20

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as deferred charges, are deferred and amortized over the life of the bonds using the straight-line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Compensated Absences

The City accrues accumulated unpaid vacation leave and associated employee-related costs when earned (or estimated to be earned) by the employee. At December 31, 2022, the amount outstanding for accumulated unpaid vacation was immaterial to the financial statements and was not recorded.

L. Deferred Outflows/Inflows of Resources

In addition to assets the Statement of Net Position 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows of resources as of December 31, 2022.

In addition to liabilities, the Statement of Net Position 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not have any deferred inflows of resources as of December 31, 2022.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity

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

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

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

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

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

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has not authorized anyone to assign fund balances.

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unrestricted.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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

N. Use of Estimates

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

O. Tax Abatement Agreements

During the year ended December 31, 2016, the City implemented GASB Statement No. 77, *Tax Abatement Disclosures*. This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues. As of December 31, 2022, the City did not have any such agreements, either entered into by the City or by other governments that exceeded the quantitative threshold for disclosure.

NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2022 are as follows:

As reported in the Statement of Net Position:		
Cash and cash equivalents	$	1,379,771
Restricted assets:		
Cash and cash equivalents		55,491
Cash deposited with financial institutions	$	1,435,262

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2022, the City had no investments.

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

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2022, all of the City's bank balances were covered by either federal depository insurance or by collateral held by the City's agent in the City's name.

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

NOTE 3. RECEIVABLES

A local option sales tax is in force. Proceeds for this tax are remitted to the City monthly and are utilized to give property owners tax relief. As a result of the local option sales tax, no property taxes were levied for the year ended December 31, 2022.

The net receivables collected during the year ended December 31, 2022, and expected to be collected by February 28, 2023, are recognized as revenues in the year ended December 31, 2022. Net receivables estimated to be collectible subsequent to February 28, 2023 are recorded as revenue when received.

Receivables consisted of the following at December 31, 2022:

	General Fund	Sanitation Fund	Water Supply Fund	Total
Receivables:				
Taxes	$ 41,339	$ -	$ -	$ 41,339
Accounts	-	11,030	19,457	30,487
Gross receivables	41,339	11,030	19,457	71,826
Less: allowance for uncollectibles	-	-	(16,114)	(16,114)
Net total receivables	$ 41,339	$ 11,030	$ 3,343	$ 55,712

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 70,657	$ -	$ -	$ -	$ 70,657
Total	70,657	-	-	-	70,657
Capital assets, being depreciated:					
Buildings	912,481	22,840	-	-	935,321
Improvements other than buildings	18,821	29,565	-	-	48,386
Infrastructure	110,843	2,250	-	-	113,093
Machinery and equipment	281,380	3,850	-	-	285,230
Recreation facilities	26,719	-	-	-	26,719
Vehicles	671,625	-	-	-	671,625
Total	2,021,869	58,505	-	-	2,080,374
Less accumulated depreciation for:					
Buildings	(528,160)	(26,894)	-	-	(555,054)
Improvements other than buildings	(11,084)	(2,291)	-	-	(13,375)
Infrastructure	(28,743)	(5,805)	-	-	(34,548)
Machinery and equipment	(248,787)	(15,020)	-	-	(263,807)
Recreation facilities	(11,762)	(147)	-	-	(11,909)
Vehicles	(557,260)	(27,616)	-	-	(584,876)
Total	(1,385,796)	(77,773)	-	-	(1,463,569)
Total capital assets, being depreciated, net	636,073	(19,268)	-	-	616,805
Total capital assets, net	$ 706,730	$ (19,268)	$ -	$ -	$ 687,462

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

Governmental activities:	
Financial administration	$ 28,061
Fire department	33,134
Roads and streets	16,578
Total depreciation expense - governmental activities	$ 77,773

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 310,669	$	$ -	$ -	$ 310,669
Total	310,669	-	-	-	310,669
Capital assets, being depreciated:					
Water system and lines	2,283,050	-	-	-	2,283,050
Machinery and equipment	71,237	-	-	-	71,237
Vehicles and related equipment	18,616	-	-	-	18,616
Total	2,372,903	-	-	-	2,372,903
Less accumulated depreciation for:					
Water system and lines	(1,254,617)	(59,456)	-	-	(1,314,073)
Machinery and equipment	(71,236)	-	-	-	(71,236)
Vehicles and related equipment	(12,390)	(2,020)	-	-	(14,410)
Total	(1,338,243)	(61,476)	-	-	(1,399,719)
Total capital assets, being depreciated, net	1,034,660	(61,476)	-	-	973,184
Total capital assets, net	$ 1,345,329	$ (61,476)	$ -	$ -	$ 1,283,853

NOTE 5. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Revenue bonds payable	$ 115,820	$ -	$ (8,780)	$ 107,040	$ 9,310
Note payable	169,684	-	(8,442)	161,242	8,669
Total	$ 285,504	$ -	$ (17,222)	$ 268,282	$ 17,979

NOTE 5. LONG-TERM DEBT (CONTINUED)

Water Supply Long-Term Debt

In 1991, the City issued a series of water revenue bonds in the amount of $236,700, which have an interest rate of 6%. Bond interest for the year ended December 31, 2022 amounted to $6,949. The bonds are payable in annual installments of approximately $15,730 through January 2031. The bonds were issued to finance water system improvements.

According to the regulations of the bond ordinance, the City is to maintain a sinking fund and reserve fund for the purpose of paying the principal and interest on the bonds as they mature. The balance in these funds as of December 31, 2022 amounted to $15,048. In addition, the City is to establish fees and rates sufficient to produce net revenues of at least equal to 1.2 times the amount required in any sinking fund year to pay principal and interest on outstanding revenue bonds. During the year ended December 31, 2022, the Water Supply Fund produced a sufficient amount of net revenue to meet the 1.2 times requirement. Annual repayment requirements under the revenue bond agreements in the Water Supply Fund are as follows:

	Principal	Interest	Total
2023	$ 9,310	$ 5,864	$ 15,174
2024	9,870	5,272	15,142
2025	10,460	4,644	15,104
2026	11,090	3,978	15,068
2027	11,750	3,274	15,024
2028 – 2031	54,560	5,154	59,714
	$ 107,040	$ 28,186	$ 135,226

In 2018, the City entered into a contract with the Georgia Environmental Finance Authority (“GEFA”) for a Drinking Water State Revolving Loan Fund grant/loan in the amount of $183,015, which has an interest rate of 0.89%. Interest for the year ended December 31, 2022 amounted to $1,475. The note is payable in monthly installments of $834 through September 2039. The notes were taken out to provide financing for an automatic meter reading system which will replace the manually read water meters. Annual repayment requirements for the note in the Water Supply Fund are as follows:

	Principal	Interest	Total
2023	$ 8,669	$ 1,399	$ 10,068
2024	8,670	1,323	9,993
2025	8,747	1,245	9,992
2026	8,825	1,167	9,992
2027	8,904	1,088	9,992
2028 – 2032	45,730	4,232	49,962
2033 – 2037	47,810	2,152	49,962
2038 and 2039	23,887	267	24,154
	$ 161,242	$ 12,873	$ 174,115

NOTE 6. RISK MANAGEMENT

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

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools’ agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools’ agent and attorney to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds. The City pays an annual premium to GIRMA for its general insurance and has coverage of $1,000,000 for the risks discussed above, except for buildings, which are covered at 100% of the value of the City’s holdings. The City’s coverage for workers’ compensation claims is statutory.

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

NOTE 7. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the bordering area, is a member of the Three Rivers Regional Commission (“RC”). Membership in this organization is required by the Official Code of Georgia Annotated (“O.C.G.A.”) §50-8-34, which provides for the organizational structure of the RC in Georgia. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of the RC. A copy of the RC audit can be obtained by contacting them directly.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in various claims and matters of litigation resulting from normal operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

NOTE 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTE 9. DEFINED CONTRIBUTION PENSION PLAN

The City has a defined contribution 401(a) retirement plan and a 457(b) deferred compensation plan. The plans are administrated by the Georgia Municipal Association. Eligible employees are defined by the plan's adoption agreements. Participation in the 401(a) plan requires employees to be vested with the City five years. The City makes contributions to the 401(a) plan that match employee's contributions to the 457(b) plan up to 3% of each employee's total salary.

For the fiscal year ended December 31, 2022, the City's contributions to the 401(a) plan were $2,525 and the amount contributed by employees to the 457(b) plan was $3,544.

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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

To the Honorable Mayor and Members
of the City Council
City of Flovilla, Georgia
Flovilla, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Flovilla, Georgia (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 21, 2023.

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

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

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

Report on Compliance and Other Matters

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

City of Flovilla, Georgia's Response to Finding

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
June 21, 2023

CITY OF FLOVILLA, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I
SUMMARY OF AUDIT RESULT

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	X Yes	____ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes	X No
Noncompliance material to financial statements noted?	___ Yes	X No

Federal Awards

There was not an audit of major federal award programs for the year ended December 31, 2022 due to the total amount expended being less than $750,000.

CITY OF FLOVILLA, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2022-001. Segregation of Duties

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

Condition: There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the City.

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

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

Cause: The lack of segregation of duties is due to the lack of a properly developed integrated work plan with appropriate controls and an improper allocation of available resources. In addition, in certain circumstances, there are a limited number of trained individuals in each office available to perform all of the duties.

Recommendation: We recommend the duties of recording, distributing, and reconciling of accounts be segregated among employees.

Views of Responsible Officials and Planned Corrective Action: We concur. The City is in the process of reviewing their respective systems and processes to evaluate and determine the most efficient and effective solution to properly segregate duties among all City functions to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

2022-002. Expenditures in Excess of the Budget

Criteria: State law requires the City to adopt an annual balanced budget, and follow procedures that limit expenditures exceeding the budget at the department level.

Condition: Careful monitoring of expenditures compared to budget would alert management and the public to budget violations, and possible misuse of City resources.

Context: The City did not prepare a budget for the American Rescue Plan Act Fund.

Effects: The ultimate effect of the above condition is the potential for budget violations and possible misuse of City resources.

Cause: Financial statements and budget comparison statements were not created or reviewed. Budgets were not amended.

CITY OF FLOVILLA, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022-002. Expenditures in Excess of the Budget (Continued)

Recommendation: Financial statements and budget-to-actual statements should be created and reviewed by the board for each special revenue fund. The budget should be amended as often as necessary to provide for source of funds for unbudgeted expenditures**.**

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

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable.

CITY OF FLOVILLA, GEORGIA

STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

2021-001. Segregation of Duties

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

Condition: There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the City.

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

Status: Unresolved. See current year finding 2022-001.