CITY OF HOMERVILLE, GEORGIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CITY OF HOMERVILLE, GEORGIA
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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council, and City Manager,
City of Homerville, Georgia:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Auditors' 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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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 basis financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining and individual fund financial statements and schedules, Schedules of Projects Constructed with Special Purpose Local Sales Tax Proceeds and Schedule of Special District Mass Transportation Sales and Use Tax, which are presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 and 48-8-269.5, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and additional schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is 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 October 22, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

James Moore & Co., P.L.

Daytona Beach, Florida
October 22, 2024

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,425,388	$ 221,092	$ 1,646,480
Receivables, net	54,784	269,776	324,560
Internal balances	156,270	(156,270)	-
Due from other governments, net	244,794	-	244,794
Notes receivable	760,379	-	760,379
Prepaids	20,670	4,045	24,715
Restricted assets:			
Cash and cash equivalents	-	71,652	71,652
Capital assets:			
Capital assets, not being depreciated	67,386	79,534	146,920
Other capital assets, net of depreciation	5,185,858	4,528,307	9,714,165
Total assets	$ 7,915,529	$ 5,018,136	$ 12,933,665
LIABILITIES			
Accounts payable and accrued liabilities	$ 24,239	$ 36,738	$ 60,977
Customer deposits	2,649	71,652	74,301
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	199,275	122,139	321,414
Leases payable	101,538	3,077	104,615
Due in more than one year:			
Bonds and notes payable	-	816,576	816,576
Leases payable	105,576	-	105,576
Compensated absences	56,668	16,449	73,117
Total liabilities	$ 489,945	$ 1,066,631	$ 1,556,576
NET POSITION			
Net investment in capital assets	$ 4,846,855	$ 3,666,049	$ 8,512,904
Restricted for:			
Capital projects	317,495	-	317,495
Other purposes	582,068	-	582,068
Unrestricted	1,679,166	285,456	1,964,622
Total net position	$ 7,425,584	$ 3,951,505	$ 11,377,089

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

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 703,096	$ 44,127	$ 503,040	$ -	$ (155,929)	$ -	$ (155,929)
Public safety	1,059,599	301,393	58,540	253,045	(446,621)	-	(446,621)
Streets and sanitation	557,410	-	174,943	49,850	(332,617)	-	(332,617)
Airport	48,380	-	-	-	(48,380)	-	(48,380)
Culture and recreation	143,009	61,686	102,217	76,955	97,849	-	97,849
Interest on long-term debt	21,289	-	-	-	(21,289)	-	(21,289)
Total governmental activities	2,532,783	407,206	838,740	379,850	(906,987)	-	(906,987)
Business-type activities:							
Water and sewer	986,613	765,935	-	-	-	(220,678)	(220,678)
Airport	24,131	44,162	-	-	-	20,031	20,031
Total business-type activities	1,010,744	810,097	-	-	-	(200,647)	(200,647)
Total primary government	$ 3,543,527	$ 1,217,303	$ 838,740	$ 379,850	(906,987)	(200,647)	(1,107,634)
General revenues:							
Property taxes					659,328	-	659,328
Sales taxes					321,901	-	321,901
Other taxes					204,367	-	204,367
Franchise fees					158,904	-	158,904
State revenue sharing					80,412	-	80,412
Investment earnings					24,836	826	25,662
Gain (loss) on disposition of capital assets					500	-	500
Miscellaneous revenues					12,594	1,000	13,594
Transfers					6,340	(6,340)	-
Total general revenues and transfers					1,469,182	(4,514)	1,464,668
Change in net position					562,195	(205,161)	357,034
Net position, beginning of year					6,863,389	4,156,666	11,020,055
Net position, ending of year					$ 7,425,584	$ 3,951,505	$ 11,377,089

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

CITY OF HOMERVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	EIP Revolving Loan	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 592,113	$ 571,135	$ 262,140	$ 1,425,388
Receivables, net	232,475	10,933	6,484	249,892
Notes receivable	-	760,379		760,379
Due from other governments, net	-	-	49,686	49,686
Due from other funds	734,967	-	214,142	949,109
Prepaid items	20,670	-	-	20,670
Total assets	$ 1,580,225	$ 1,342,447	$ 532,452	$ 3,455,124
LIABILITIES				
Accounts payable and accrued liabilities	$ 59,003	$ -	$ 9,333	$ 68,336
Short-term notes payable	199,275	-	-	199,275
Customer deposits	-	-	2,649	2,649
Due to other funds	555,900	-	236,939	792,839
Total liabilities	770,081	-	248,921	1,019,002
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	189,404	-	-	189,404
Unavailable revenue - note receivable	-	760,379	-	760,379
Total deferred inflows of resources	189,404	760,379	-	949,783
FUND BALANCES				
Nonspendable:				
Prepaid items	20,670	-	-	20,670
Restricted for:				
Capital projects	-	-	317,495	317,495
Other purposes	-	582,068	-	582,068
Assigned to:				
Parks and recreation	-	-	62,263	62,263
Unassigned	600,070	-	(96,227)	503,843
Total fund balances	620,740	582,068	283,531	1,486,339
Total liabilities and fund balances	$ 1,580,225	$ 1,342,447	$ 532,452	$ 3,455,124

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

CITY OF HOMERVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Fund balances - total governmental funds		$ 1,486,339
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	9,656,194	
Less: accumulated depreciation	(4,402,950)	5,253,244
Because some property taxes and other revenues will not be collected for several months after the close of the City's fiscal year end, they are not considered as "available" revenues in the governmental funds, and therefore, reported as deferred inflows of unavailable revenues. In the statement of net position, which is presented on an accrual basis, no deferral is reported since the revenue is fully recognized in the statement of activities.		949,783
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:		
Compensated absences	(56,668)	(263,782)
Net position of governmental activities		$ 7,425,584

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

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General	EIP Revolving Loan	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 1,381,138	$ -	$ 2,490	$ 1,383,628
Permits and fees	43,151	-	-	43,151
Intergovernmental	551,298	-	379,850	931,148
Charges for services	177,708	-	168,057	345,765
Fines and forfeitures	301,393	-	-	301,393
Investment income	481	24,300	55	24,836
Miscellaneous	4,574	143,492	16,925	164,991
Total revenues	2,459,743	167,792	567,377	3,194,912
Expenditures				
Current:				
General government	700,619	-	84,226	784,845
Public safety	909,113	-	6,521	915,634
Streets and sanitation	244,709	-	86,143	330,852
Culture and recreation	2,442	-	140,567	143,009
Capital outlay	13,600	-	66,099	79,699
Debt service:				
Principal retirement	-	-	97,660	97,660
Interest and fiscal charges	9,177	-	12,112	21,289
Total expenditures	1,879,660	-	493,328	2,372,988
Excess (deficiency) of revenues over expenditures	580,083	167,792	74,049	821,924
Other financing sources (uses)				
Transfers in	52,030	-	7,000	59,030
Transfers out	(7,000)	-	(45,690)	(52,690)
Proceeds from sale of capital assets	500	-	-	500
Total other financing sources (uses)	45,530	-	(38,690)	6,840
Net change in fund balances	625,613	167,792	35,359	828,764
Fund balances, beginning of year	(4,873)	414,276	248,172	657,575
Fund balances, end of year	$ 620,740	$ 582,068	$ 283,531	$ 1,486,339

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

CITY OF HOMERVILLE, 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, 2021

Net change in fund balances - total governmental funds	$	828,764
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures		79,699
Depreciation expense		(341,663)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:		
Principal repayment of general long-term debt		97,660
Revenues reported in governmental funds that provide current financial resources are not reported as revenues in governmental activities		(106,774)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:		
Change in compensated absences liability		4,509
Change in net position of governmental activities	$	562,195

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

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022
FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities		
		Non-major Fund	
	Water & Sewer	Airport	Total
ASSETS			
Cash and cash equivalents	196,819	$ 24,273	$ 221,092
Accounts receivable, net	269,776	-	269,776
Prepaid items	4,045	-	4,045
Due from other funds	363,137	-	363,137
Restricted current assets:			
Cash and cash equivalents	71,652	-	71,652
Total current assets	905,429	24,273	929,702
Noncurrent assets:			
Capital assets:			
Land	79,534	-	79,534
Buildings	9,618,118	-	9,618,118
Equipment	489,113	-	489,113
Accumulated depreciation	(5,578,924)	-	(5,578,924)
Total capital assets, net	4,607,841	-	4,607,841
Total assets	$ 5,513,270	$ 24,273	$ 5,537,543
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	$ 35,046	$ 1,692	$ 36,738
Deposits	71,652	-	71,652
Due to other funds	457,778	61,629	519,407
Current portion of lease obligations	3,077	-	3,077
Payable from restricted assets:			
Current maturities on long-term debt	122,139	-	122,139
Total current liabilities	689,692	63,321	753,013
Noncurrent liabilities:			
Bonds and notes payable, net	816,576	-	816,576
Compensated absences	16,449	-	16,449
Total noncurrent liabilities	833,025	-	833,025
Total liabilities	$ 1,522,717	$ 63,321	$ 1,586,038
NET POSITION			
Net investment in capital assets	$ 3,666,049	$ -	$ 3,666,049
Unrestricted	324,504	(39,048)	285,456
Total net position	$ 3,990,553	$ (39,048)	$ 3,951,505

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

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-type Activities		
		Non-major Fund	
	Water & Sewer	Airport	Total
Operating revenues			
Charges for services	$ 765,935	$ 44,162	$ 810,097
Other revenues	1,000	-	1,000
Total operating revenues	766,935	44,162	811,097
Operating expenses			
Personal services	252,292	-	252,292
Operating expenses	269,860	19,613	289,473
Other supplies and expenses	211,030	4,518	215,548
Depreciation	205,020	-	205,020
Total operating expenses	938,202	24,131	962,333
Operating income (loss)	(171,267)	20,031	(151,236)
Nonoperating revenues (expenses)			
Interest earnings	786	40	826
Interest expense	(48,411)	-	(48,411)
Total nonoperating revenues (expenses)	(47,625)	40	(47,585)
Income (loss) before contributions and transfers	(218,892)	20,071	(198,821)
Transfers in	23,660	-	23,660
Transfers out	(30,000)	-	(30,000)
Change in net position	(225,232)	20,071	(205,161)
Net position, beginning of year	4,215,785	(59,119)	4,156,666
Net position, end of year	$ 3,990,553	$ (39,048)	$ 3,951,505

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

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-type Activities		
		Non-major Fund	
	Water & Sewer	Airport	Total
Cash flows from operating activities			
Cash received from customers	$ 741,014	$ 44,162	$ 785,176
Cash paid to employees	(257,817)	-	(257,817)
Cash paid to suppliers	(455,491)	(22,885)	(478,376)
Other receipts	(48,411)	-	(48,411)
Net cash provided by (used in) operating activities	(20,705)	21,277	572
Cash flows from noncapital financing activities			
Transfers to other funds	(30,000)	-	(30,000)
Change from other funds	54,089	2,956	57,045
Net cash provided by (used in) noncapital financing activities	47,749	2,956	50,705
Cash flows from capital and related financing activities			
Principal payments of long-term debt	(128,281)	-	(128,281)
Net cash provided by (used in) capital and related financing activities	(151,942)	-	(151,942)
Cash flows from investing activities			
Interest received	786	40	826
Net cash provided by (used in) investing activities	786	40	826
Net change in cash and cash equivalents	(124,112)	24,273	(99,839)
Cash and cash equivalents, beginning of year	392,583	-	392,583
Cash and cash equivalents, end of year	$ 268,471	$ 24,273	$ 292,744
Cash and cash equivalents classified as:			
Unrestricted	$ 196,819	$ 24,273	$ 221,092
Restricted	71,652	-	71,652
Total cash and cash equivalents	$ 268,471	$ 24,273	$ 292,744
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (171,267)	$ 20,031	$ (151,236)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	205,020	-	205,020
Nonoperating revenues (expenses)	(48,411)	-	(48,411)
Changes in assets and liabilities:			
Accounts receivable	(32,032)	-	(32,032)
Prepaid items	75	-	75
Accounts payable and accrued liabilities	25,324	1,246	26,570
Deposits	6,111	-	6,111
Compensated absences	(5,525)	-	(5,525)
Net cash provided by (used in) operating activities	$ (20,705)	$ 21,277	$ 572

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

(1) Summary of Significant Accounting Policies:

The financial statements of the City of Homerville, Georgia (the City), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the City has adopted the GASB Codification. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity—**The City operates under the leadership of the Mayor, City Manager, and City Council consisting of four members and provides or assists in providing the following services: Public Safety (Police Department), Streets and Sanitation, Airport, Recreation, Fire Protection, Solid Waste, Code Enforcement, Water and Sewer Services, and general administration and other services.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government: (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Management has determined that there are no component units to be included within the reporting entity.

The Housing Authority of the City of Homerville, Georgia is considered a related organization based upon the criteria in GASB Statement No. 14, 39, and 61. The Housing Authority is a legally separate entity having a board composed of members appointed by the City. The City is not able to impose its will upon the Housing Authority and a financial benefit or burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Homerville, Georgia is a related organization and is excluded from the reporting entity.

(b) **Government-wide and fund financial statements—**The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds.

(1) **Summary of Significant Accounting Policies:** (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are included in the program expense reported for individual functions and activities. 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 proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) **Measurement focus, basis of accounting and financial statement presentation**—The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment is determined by the applicable measurement focus and the basis of accounting. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants, other intergovernmental revenues, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditures relating to future periods, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(1) **Summary of Significant Accounting Policies:** (Continued)

The City reports the following major governmental funds:

General Fund—The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

EIP Revolving Loan Fund—The EIP Revolving Loan Fund is used to account for financing capital projects in the City's Industrial Park. These improvements are financed through a federal grant.

The City reports the following as a major proprietary fund:

Water and Sewer Fund—The Water and Sewer Fund accounts for financing and costs of providing water and sewer services to the residents of the City.

As a general rule, the effect of the City's interfund activity has been eliminated from the government-wide financial statements, though interfund services provided and used are not eliminated in the process of consolidation.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) **Budgets and budgetary accounting**—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles.

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

1. The City Manager submits to City Council, a proposed operating budget in May for the fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall.
3. The budget is legally enacted through passage of an ordinance in June.
4. Any budget revisions requiring additional expenditures must be approved by the City Council.

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Cash and cash equivalents**—The City's cash and cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less when purchased, that readily convertible to known amounts of cash.

(f) **Investments—**The City is authorized to invest its funds in (1) obligations which constitute direct obligations of, or are unconditionally guaranteed by, the United States of America; (2) certificates of deposit issued by state and national banks located within the state of Georgia when secured by acceptable collateral; (3) obligations of the Federal Land Bank, the Federal Home Loan Bank, Federal Intermediate Credit Bank and Federal Bank for Cooperatives; and (3) bonds or other obligations issued by any public housing agency or municipality which are served by a pledge of annual contributors under contract with the United States Governments, or projects secured by a payment agreement with the United States Government. All investments are stated at market value.

(g) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered monthly. Unbilled accounts receivable are accrued by the City at June 30th, to recognize the sales revenues earned between the last meter reading and bill dates in mid-June through the end of the fiscal year.

(h) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recognized on the consumption method and recorded as prepaid items in both government-wide and fund financial statements.

(i) **Capital assets**—Capital assets, which include buildings and building improvements, machinery and equipment, and infrastructure assets (e.g., roads, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 with an initial life of two or more 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.

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, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Building Improvements	20 – 40 years
Machinery and Equipment	5 – 20 years
Infrastructure	15 – 40 years

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Compensated absences**— It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Aaccumulated vacation leave is recorded as an expense and liability of the appropriate fund as the benefits accrue to employees.

The enterprise funds report 100% of compensated absence liability in both the government-wide and the proprietary fund statements, because it is accrued when incurred. The governmental funds report 100% of the amount due in the government-wide statements because it is accrued when incurred, but only the extent of payments that come due each period upon the occurrence of employee resignations and retirements as of the balance sheet date are recorded as a liability in the governmental fund statements.

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

(l) **Deferred outflows/inflows of resources—**In addition to assets, the statement of financial position will, if required, 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.

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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the items in this category are deferred inflows related to property taxes and unavailable revenue from the City's EIP revolving loans.

(m) **Fund equity—**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. Those classifications are as follows:

Nonspendable – amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes based on actions taken by the City Council through adoption of a resolution.

Assigned – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body which the City Council delegates authority.

Unassigned – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

For spendable resources, it is the City's policy to use fund balance in the following order: committed; assigned; unassigned.

(1) **Summary of Significant Accounting Policies:** (Continued)

(n) **Net position**—The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components – net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets consists of capital assets including leased assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any external bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.

Restricted consists of amounts that have constraints placed on them either externally by third parties (e.g., creditors, grantors, and contributors) or by law through constitutional provisions or enabling legislation.

Unrestricted consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City's policy to consider restricted net position to have been used before unrestricted net position is applied.

(o) **Property taxes**— Property tax revenues are recognized when levied, to the extent that they result in current receivables at June 30th. Property taxes attach an enforceable lien on property on December 20th. Taxes are levied on September 30th and are payable by December 20th.

(p) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**— Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detail explanation of these differences is provided in this reconciliation.

(3) Deposits and Investments:

At June 30, 2022, the carrying amount of the City's bank deposits was $1,718,132 and the respective bank balances were $1,676,627. 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 banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City's investment policy is designed to address custodial credit risk, which is the risk that the City may not recover cash and investments held by another party in the event of financial failure. The City has a policy to reduce its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with State law.

(4) Hotel/Motel Lodging Tax

The City of Homerville levies a 7% hotel motel lodging tax of which 7% is designated for the promotion of tourism through the City's Better Hometown Program. All of the tourism funds are provided to the Better Hometown program which amounted to $2,490 and were utilized for the promotion of tourism as required by O.C.G.A 48-13-51(a)(3.7). The balance of funds was used by the City to assist with appropriations to the Better Hometown program bringing the total expenditures to 100% of revenues.

(5) Interfund Activity:

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services. Transfers of resources from a fund receiving revenue to the fund through with the resources are to be expended are recorded as transfers and are reported as other financial sources (uses) in the Governmental Funds and transfers section in the Proprietary Funds.

For the year ended June 30, 2022, individual fund transfers to and from other funds for the primary government were comprised of the following:

	Transfer In	Transfer Out
Governmental Activities:		
General Fund	$ 52,030	$ 7,000
Better Hometown Fund	7,000	-
SPLOST 2015	-	23,660
TSPLOST	-	22,030
Total Governmental Activities	59,030	52,690
Business-type Activities:		
Water and Sewer Fund	23,660	30,000
Total Business-type Activities	23,660	30,000
Totals – All Funds	$ 82,690	$ 82,690

(5) **Interfund Activity:** (Continued)

For the year ended June 30, 2022, individual fund due from and due to other funds for the primary government were comprised of the following:

	Due from Other Fund	Due to Other Fund
Governmental Activities:		
General Fund	$ 734,967	$ (555,900)
SPLOST 2015 Fund	63,697	-
Recreation Department Fund	150,445	(116,811)
Better Hometown Fund	-	(98,749)
REC SPLOST 2015 Fund	-	(21,379)
Total Governmental Activities	949,109	(792,839)
Business-Type Activities:		
Water and Sewer Fund	363,137	(457,778)
Airport Fund	-	(61,629)
Total Business-Type Activities	363,137	(519,407)
Totals – All Funds	$ 1,312,246	$ (1,312,246)

(6) Capital Assets:

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

Governmental activities:	**Balance 06/30/21**	**Increases**	**Decreases**	**Balance 06/30/22**
Capital assets not being depreciated:				
Land	$ 67,386	$ -	$ -	$ 67,386
Construction in progress	-	-	-	-
Total assets not being depreciated	67,386	-	-	67,386
Capital assets being depreciated and amortized:				
Buildings	1,074,038	-	-	1,074,038
Equipment	2,826,264	48,379	-	2,874,643
Improvements	5,608,807	31,320	-	5,640,127
Total assets being depreciated and amortized	9,509,109	79,699	-	9,588,808
Less accumulated depreciation and amortization for:				
Buildings	(483,466)	(28,934)	-	(512,400)
Equipment	(2,254,552)	(135,446)	-	(2,389,998)
Improvements	(1,323,269)	(177,283)	-	(1,500,552)
Less: accumulated depreciation and amortization	(4,061,287)	(341,663)	-	(4,402,950)
Total capital assets being depreciated and amortized, net	5,447,822	(261,964)	-	5,185,858
Governmental activities capital assets, net	$ 5,515,208	$ (261,964)	$ -	$ 5,253,244

Business-type activities:	**Balance 06/30/21**	**Increases**	**Decreases**	**Balance 06/30/22**
Capital assets not being depreciated:				
Land	$ 79,534	$ -	$ -	$ 79,534
Construction in progress	-	-	-	-
Total assets not being depreciated	79,534	-	-	79,534
Capital assets being depreciated and amortized:				
Buildings	9,594,458	23,660	-	9,618,118
Equipment	489,113	-	-	489,113
Improvements	-	-	-	-
Total assets being depreciated and amortized	10,083,571	23,660	-	10,107,231
Less accumulated depreciation and amortization for:				
Buildings, equipment and improvements	(5,373,905)	(205,020)	-	(5,578,925)
Less: accumulated depreciation and amortization	(5,373,905)	(205,020)	-	(5,578,925)
Total capital assets being depreciated and amortized, net	4,709,666	(181,360)	-	4,528,306
Business-type activities capital assets, net	$ 4,789,200	$ (181,360)	$ -	$ 4,607,840

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 42,352
Public safety	133,917
Streets and sanitation	117,014
Airport	48,380
Total depreciation expense - governmental activities	$ 341,663
Business-type activities:	
Water and Sewer	$ 205,020
Total depreciation expense - business-type activities	$ 205,020

(7) Short-Term Notes Payable:

Short-term notes payable at June 30, 2022 comprised of a Tax Anticipation Note due to Farmer's and Merchants Bank for operating expenses with an interest rate of 4.06%. TAN Note FMB #51433171 has a maturity date of 12/10/2022. The following is a summary of short-term debt transactions of the City for the year ended June 30, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
TAN Note – FMB #51433169	$ 13,612	$ -	$ (13,612)	$ -
TAN Note – FMB #51433170	214,042	-	(214,042)	-
TAN Note – FMB #51433171	-	199,275	-	199,275
Total short-term notes payable	$ 227,654	$ 199,275	$ (227,654)	$ 199,275

(8) Long-Term Liabilities:

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease payable	$ 304,774	$ -	$ (97,660)	$ 207,114	$ 101,538
Compensated absences	61,177	-	(4,509)	56,668	-
Total long-term liabilities	$ 365,951	$ -	$ (102,169)	$ 263,782	$ 101,538

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Capital lease payable	$ 14,839	$ -	$ (11,762)	$ 3,077	$ 3,077
Notes payable	1,055,234	-	(116,519)	938,715	122,139
Compensated absences	21,974	-	(5,525)	16,449	-
Total long-term liabilities	$ 1,092,047	$ -	$ (133,806)	$ 958,241	$ 125,216

(8) **Long-Term Liabilities:** (Continued)

Notes payable and long-term debt in the City's business-type activities at June 30, 2022, were comprised of the following obligations:

W&S Treatment Plant Promissory Note: Issued in the amount of $750,000. Due in annual installments with principal payments varying from $5,000 to $80,000 from June 2008 through June 2027, with interest rate at 4.990%. Serviced by the Water and Sewer Enterprise Fund.

W&S Wetlands Promissory Note: Issued in the amount of $755,000. Due in monthly installments of $4,766 from November 2007 through November 2026, with interest rate at 4.510%. Serviced by the Water and Sewer Enterprise Fund.

W&S Construction Note with GEFA: Issued in the amount of $381,499 for upgrades to the City's water and sewer system. Due in monthly installments of $1,760 through August 2038, with interest rate at 1.03%. Serviced by the Water and Sewer Enterprise Fund.

Annual debt service requirements to maturity for the City's business-type activities notes payable, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 123,717	$ 32,154	$ 155,871
2024	131,010	26,768	157,778
2025	138,402	21,133	159,535
2026	145,897	14,846	160,743
2027	153,500	8,799	162,299
2028-2032	120,079	9,291	129,370
2033-2037	101,632	3,944	105,576
2038-2039	24,478	158	24,636
Total	$ 938,715	$ 117,093	$ 1,055,808

(9) **Leases:**

The City has entered into lease agreements as the lessee for financing the acquisition of various pieces of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. Accumulated amortization resulting from the equipment leases is included with depreciation expense.

Future minimum lease payments for the City's governmental activities leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 101,538	$ 8,232	$ 109,770
2024	105,576	4,197	109,773
Total	$ 207,114	$ 12,429	$ 219,543

Future minimum lease payments for the City's business-type activities leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 3,077	$ 44	$ 3,121
Total	$ 3,077	$ 44	$ 3,121

(10) **Commitments and Contingencies:**

The City participates in several programs that are fully or partially funded by grants received from state, county or federal governmental agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor. As of June 30, 2022, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

(11) **Joint Venture:**

Under Georgia law, the City, in conjunction with other cities and counites in the eight county southeastern Georgia area, is a member of the Southeast Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended June 30, 2022, the City paid $5,288 to the RDC. Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Southeast Georgia Regional Development Center
3395 Harris Road
Waycross, Georgia 31503

(12) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA again liability or loss.

The City of Homerville must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessment or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA
- To select a person to serve as a Member representative
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which related to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA 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 prevention furnished by the Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay a claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Homerville retains the first $2,500 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the $2,500 deductible.

The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Annotated, the City of Homerville became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer (City of Homerville) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer liability.

(12) **Risk Management:** (Continued)

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

The Fund is to defend, in the name and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false, or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

(13) **Excess Expenditures Over Appropriations:**

During the fiscal year ended June 30, 2022, a number of budgetary categories exceeded appropriated amounts as shown in the budgetary comparison statements for the General Fund. The following had expenditures that exceeded budgeted amounts as indicated in the City's budgetary schedules included in the required supplementary information section.

	Budget	Actual	Actual (Over) Budget
General Fund:			
General government	402,765	700,619	(297,854)
Public safety	798,420	909,113	(110,693)
Capital outlay	-	13,600	(13,600)
Debt service	-	9,177	(9,177)

(14) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the County's financial statements:

A. GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires not disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*, as amended. The provisions for GASB 96 are effective for periods beginning after June 15, 2022.

B. GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

C. GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB Statement No. 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

D. GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOMERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 1,255,495	$ 1,255,495	$ 1,381,138	$ 125,643
Permits and fees	25,590	25,590	43,151	17,561
Intergovernmental	90,068	90,068	551,298	461,230
Charges for services	194,190	194,190	177,708	(16,482)
Fines and forfeitures	165,000	165,000	301,393	136,393
Investment income	150	150	481	331
Miscellaneous	94,608	94,608	4,574	(90,034)
Total revenues	1,825,101	1,825,101	2,459,743	634,642
Expenditures				
Current:				
General government	402,765	402,765	700,619	(297,854)
Public safety	798,420	798,420	909,113	(110,693)
Streets and sanitation	405,150	405,150	244,709	160,441
Health and welfare	69,368	69,368	-	69,368
Culture and recreation	3,400	3,400	2,442	958
Capital outlay	-	-	13,600	(13,600)
Debt service:				
Interest and fiscal charges	-	-	9,177	(9,177)
Total expenditures	1,679,103	1,679,103	1,879,660	(200,557)
Excess (deficiency) of revenues over expenditures	145,998	145,998	580,083	434,085
Other financing sources (uses)				
Transfers in	-	-	52,030	52,030
Transfers out	(145,028)	(145,028)	(7,000)	138,028
Proceeds from sale of capital assets	880	880	500	(380)
Total other financing sources (uses)	(144,148)	(144,148)	45,530	189,678
Net change in fund balances	1,850	1,850	625,613	623,763
Fund balances, beginning of year	(4,873)	(4,873)	(4,873)	-
Fund balances, end of year	$ (3,023)	$ (3,023)	$ 620,740	$ 623,763

CITY OF HOMERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - EIP REVOLVING LOAN FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Investment income	$ 26,835	$ 26,835	$ 24,300	$ (2,535)
Miscellaneous	57,725	57,725	143,492	85,767
Total revenues	84,560	84,560	167,792	83,232
Expenditures				
Current:				
Economic environment	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	84,560	84,560	167,792	83,232
Fund balances, beginning of year	414,276	414,276	414,276	-
Fund balances, end of year	$ 498,836	$ 498,836	$ 582,068	$ 83,232

SUPPLEMENTARY INFORMATION

CITY OF HOMERVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue									Total Nonmajor Governmental Funds
	Better Hometown	Hotel/Motel Tax	Recreation Department	SPLOST	SPLOST 2015	REC SPLOST 2015	T-SPLOST	CDBG 2015	Tree Bank	
ASSETS										
Cash and cash equivalents	$ 3,364	$ -	$ 29,236	$ -	$ 89,574	$ 135,674	$ 3,255	$ 10	$ 1,027	$ 262,140
Receivables, net	1,825	-	140	-	-	-	4,519	-	-	6,484
Due from other governments, net	-	-	-	-	42,964	6,722	-	-	-	49,686
Due from other funds	-	-	150,445	-	63,697	-	-	-	-	214,142
Total assets	$ 5,189	$ -	$ 179,821	$ -	$ 196,235	$ 142,396	$ 7,774	$ 10	$ 1,027	$ 532,452
LIABILITIES										
Accounts payable and accrued liabilities	$ 53	$ -	$ 747	$ -	$ 8,533	$ -	$ -	$ -	$ -	$ 9,333
Customer deposits	2,614	-	-	-	-	-	35	-	-	2,649
Due to other funds	98,749	-	116,811	-	-	21,379	-	-	-	236,939
Total liabilities	101,416	-	117,558	-	8,533	21,379	35	-	-	248,921
FUND BALANCES										
Restricted for:										
Capital projects	-	-	-	-	187,702	121,017	7,739	10	1,027	317,495
Assigned to:										
Parks and recreation	-	-	62,263	-	-	-	-	-	-	62,263
Unassigned	(96,227)	-	-	-	-	-	-	-	-	(96,227)
Total fund balances	(96,227)	-	62,263	-	187,702	121,017	7,739	10	1,027	283,531
Total liabilities and fund balances	$ 5,189	$ -	$ 179,821	$ -	$ 196,235	$ 142,396	$ 7,774	$ 10	$ 1,027	$ 532,452

CITY OF HOMERVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXGENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue									Total Nonmajor Governmental Funds
	Better Hometown	Hotel/Motel Tax	Recreation Department	SPLOST	SPLOST 2015	REC SPLOST 2015	T-SPLOST	CDBG 2015	Tree Bank	
Revenues										
Taxes	$ -	$ 2,490	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,490
Intergovernmental	-	-	-	-	253,045	76,955	49,850	-	-	379,850
Charges for services	4,154	-	163,903	-	-	-	-	-	-	168,057
Investment income	4	-	51	-	-	-	-	-	-	55
Miscellaneous	9,853	-	7,072	-	-	-	-	-	-	16,925
Total revenues	14,011	2,490	171,026	-	253,045	76,955	49,850	-	-	567,377
Expenditures										
Current:										
General government	66,938	2,490	-	-	10,048	4,750	-	-	-	84,226
Public safety	-	-	-	-	6,521	-	-	-	-	6,521
Streets and sanitation	-	-	-	8	58,674	-	27,461	-	-	86,143
Culture and recreation	-	-	140,567	-	-	-	-	-	-	140,567
Capital outlay	-	-	-	-	45,099	21,000	-	-	-	66,099
Debt service:										
Principal retirement	-	-	-	-	97,660	-	-	-	-	97,660
Interest and fiscal charges	-	-	-	-	12,112	-	-	-	-	12,112
Total expenditures	66,938	2,490	140,567	8	230,114	25,750	27,461	-	-	493,328
Excess (deficiency) of revenues over expenditures	(52,927)	-	30,459	(8)	22,931	51,205	22,389	-	-	74,049
Other financing sources										
Transfers in	7,000	-	-	-	-	-	-	-	-	7,000
Transfers out	-	-	-	-	(23,660)	-	(22,030)	-	-	(45,690)
Issuance of long term debt	-	-	-	-	-	-	-	-	-	-
Total other financing sources	7,000	-	-	-	(23,660)	-	(22,030)	-	-	(38,690)
Net change in fund balances	(45,927)	-	30,459	(8)	(729)	51,205	359	-	-	35,359
Fund balances, beginning of year	(50,300)	-	31,804	8	188,431	69,812	7,380	10	1,027	248,172
Fund balances, end of year	$ (96,227)	$ -	$ 62,263	$ -	$ 187,702	$ 121,017	$ 7,739	$ 10	$ 1,027	$ 283,531

CITY OF HOMERVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2022

	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior years	Current year	Total
Project					
Roads, Street, Drainage and Bridges	$ 478,560	$ 478,560	$ 478,560	$ -	$ 478,560
Construction of, Improvements to and Equipment for Homerville City Hall	216,836	216,836	216,836	-	216,836
Construction of, Improvements to and Equipment for Public Meeting and Community Event Facilities	106,397	106,397	106,397	-	106,397
Public Safety and Emergency Vehicles, Equipment and Facilities	628,330	628,330	628,330	-	628,330
Construction of and Improvements to Water System	140,235	140,235	140,235	-	140,235
Total	$ 1,570,358	$ 1,570,358	$ 1,570,358	$ -	$ 1,570,358

CITY OF HOMERVILLE, GEORGIA
REC SPECIAL PURPOSE LOCAL OPTION SALES TAX 2015
SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2022

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior years	Current year	Total
Parks and Recreation Improvements and Equipment	$ 370,000	$ 320,000	$ 206,362	$ 25,750	$ 232,112
Debt service for parks and recreation improvements and equipment	50,000	100,000	92,949	-	92,949
Total	$ 420,000	$ 420,000	$ 299,311	$ 25,750	$ 325,061

CITY OF HOMERVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX 2015
SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2022

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior years	Current year	Total
Roads, Street, Drainage and Bridges	$ 253,129	$ 253,129	$ 310,945	$ 29,094	$ 340,039
Construction of, Improvements to and Equipment for Homerville City Hall	200,000	200,000	57,221	10,048	67,269
Construction of, Improvements to and Equipment for Public Meeting and Community Event Facilities	300,000	250,000	17,552	4,088	21,640
Public Safety and Emergency Vehicles, Equipment and Facilities	300,000	350,000	410,343	85,901	496,244
Construction of and Improvements to Water System	150,000	150,000	49,399	30,127	79,526
Total	$ 1,203,129	$ 1,203,129	$ 845,460	$ 159,258	$ 1,004,718

CITY OF HOMERVILLE, GEORGIA
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2022

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior years	Current year	Total
Public Safety and Emergency Vehicles	$ 50,000	$ 50,000	$ 36,251	$ -	$ 36,251
Total	$ 50,000	$ 50,000	$ 36,251	$ -	$ 36,251

INDEPENDENT AUDITORS' 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, City Council, and City Manager,
City of Homerville, Georgia:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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, each major fund, and the aggregate remaining fund information of the City of Homerville, Georgia (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 22, 2024.

Internal Control over Financial Reporting

In planning and performing our audit, 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 purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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 over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control over financial reporting, listed below, that we consider to be material weaknesses:

2022-001 – Separation of Duties (Repeat Comment)

A fundamental concept in a quality system of internal control is the separation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. Due to a limited number of people working in the City, many critical duties are combined and given to one employee, which could adversely affect the City's ability to record, process, summarize, and report financial data consistent with assertions of management in the City's financial statements. We recommend the City develop a plan on the assignment of responsibilities among its employees to improve the lack of segregation of duties.

2022-002 – Timeliness of Financial Reporting (Repeat Comment)

A fundamental concept in a quality system of internal control is the timeliness of accurate financial reporting. Due to accounting staff turnover which reduced the City's ability to produce accurate accounting records on a timely basis, the City was not able to record, process, summarize, and report accurate financial data consistent with management's assertions in the City's financial statements in a timely manner. We recommend the City develop a plan to cross-train accounting staff and continue working with outside consultation to record, process, and report timely accurate financial data.

2022-003 – Timeliness of Bank Reconciliations and Missing Bank Statement (Repeat Comment)

Accounting personnel perform the bank reconciliation function, however during our audit, we noted bank reconciliations were completed years after the related period. Additionally in our testing, we noted one bank statements from the year under audit was no longer accessible by the City. The practice of performing a review of the bank reconciliation in a timely manner would greatly enforce the disbursements and balances necessary for strong controls over cash and reduce the likelihood of unretrievable bank statements when reconciliations are performed. We suggest the City reconcile its bank accounts on a timely basis by appropriate personnel so errors or adjustments can be quickly identified and corrected.

2022-004 – Proper Recording of Capital Assets (Repeat Comment)

During our testing over the City's capital assets as of June 30, 2022, we noted some capital assets were not capitalized based on its proper useful life, which can result in the incorrect calculation of depreciation. Capital assets related to the City's airport were not correctly reported under the Airport business-type fund. Additionally, classification of capital assets in the provided depreciation schedule did not agree to the general ledger balances, although in total the two did reconcile. We recommend the City increase its review of such transactions to help ensure proper accuracy and classification of its capital asset activity.

2022-005 – Reconciliation of Account Balances (Repeat Comment)

Various audit adjustments were required to correct account balances due to misclassifications in the original posting, reversal of prior year entries, and missing current-year accruals.. The City's controls should include periodic reconciliations of significant account balances, including full accrual-based reconciliations at fiscal year-end to ensure all amounts have been appropriately recorded and budgeted for. We recommend the City increase its review of such transactions, including a review for proper cutoff at fiscal year-end, to help ensure completeness and accuracy of all financial reporting.

2022-006 – Documentation Retention (Repeat Comment)

Significant agreements, policies, and approved budgets that are effective for the current fiscal year should be retained and accessible to ensure proper compliance with the underlying terms. During our audit, we discovered the City could not locate the approved original agreements for the Employment Incentive Program notes with an outstanding balance as of June 30, 2022 or the budget documentation presented and approved by City Council for the year-ended June 30, 2022. We recommend the City maintain the appropriate files for activity related to the fiscal year under audit, to ensure proper compliance with the terms.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the letter titled Management's Response to the Auditors' Comments, as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the other audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

James Moore & Co., P.L.

Daytona Beach, Florida
October 22, 2024

MANAGEMENT'S RESPONSE TO COMMENTS

Management notes the following plans regarding any findings and other recommendations reported in the current year audit:

2022-001 – Separation of Duties

The City agrees with the finding and to the development of a formal documented control process demonstrating separation of duties, especially as it relates to the journal entry process.

2022-002 – Timeliness of Financial Reporting

The City concurs with the finding and has since hired third-party consultants to updated the accounting records and ensure they are audit-ready.

2022-003 – Timeliness of Bank Reconciliations and Missing Bank Statement

The City agrees that monthly cash balance reconciliations should be performed promptly and has taken measures to update the accounting records by engaging third-party contractors.

2022-004 – Proper Recording of Capital Assets

The City agrees that capital assets should be capitalized based on their useful life and that the depreciation schedule should align with the general ledger by classification. The City has since engaged third-party contractors to assist with the accounting functions.

2022-005 – Reconciliation of Account Balances

The City agrees that periodic reconciliations of significant account balances should be performed, including full accrual-based reconciliations at fiscal year-end. The City has since engaged third-party contractors to assist with the accounting functions.

2022-006 – Documentation Retention

The City agrees that is should maintain proper files for the fiscal year-end audit. The City Clerk has reorganized the document filing structure to ensure that all necessary documents are easily accessible. Department heads are required to submit all relevant documents for purchases.