CITY OF HOMERVILLE, GEORGIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024, 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, 2024, 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 February 6, 2025, 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
February 6, 2025

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,794,963	$ 157,130	$ 1,952,093
Receivables, net	10,300	347,228	357,528
Due from other governments, net	345,998	-	345,998
Notes receivable	254,290	-	254,290
Prepaids	8,764	2,063	10,827
Restricted assets:			
Cash and cash equivalents	-	85,090	85,090
Capital assets:			
Capital assets, not being depreciated	67,386	79,530	146,916
Other capital assets, net of depreciation	4,626,711	4,217,293	8,844,004
Total assets	$ 7,406,759	$ 4,589,987	$ 11,996,746
LIABILITIES			
Accounts payable and accrued liabilities	$ 39,260	$ 35,954	$ 75,214
Customer deposits	6,680	85,090	91,770
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	138,402	138,402
Leases payable	21,701	-	21,701
Compensated absences	16,837	4,627	21,464
Due in more than one year:			
Bonds and notes payable	-	545,588	545,588
Leases payable	75,638	-	75,638
Compensated absences	44,554	5,943	50,497
Total liabilities	$ 204,670	$ 815,604	$ 1,020,274
NET POSITION			
Net investment in capital assets	$ 4,596,758	$ 3,612,833	$ 8,209,591
Restricted for:			
Capital projects	1,585,190	-	1,585,190
Other purposes	38,933	-	38,933
Unrestricted	981,208	161,550	1,142,758
Total net position	$ 7,202,089	$ 3,774,383	$ 10,976,472

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, 2024

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	$ 822,789	$ 172,110	$ 67,648	$ -	$ (583,031)	$ -	$ (583,031)
Public safety	1,094,781	-	59,642	301,820	(733,319)	-	(733,319)
Streets and sanitation	482,171	-	-	55,480	(426,691)	-	(426,691)
Airport	48,380	-	-	-	(48,380)	-	(48,380)
Culture and recreation	176,851	155,990	-	101,870	81,009	-	81,009
Interest on long-term debt	13,517	-	-	-	(13,517)	-	(13,517)
Total governmental activities	2,638,489	328,100	127,290	459,170	(1,723,929)	-	(1,723,929)
Business-type activities:							
Water and sewer	1,342,228	1,023,968	-	-	-	(318,260)	(318,260)
Airport	13,371	690	-	-	-	(12,681)	(12,681)
Total business-type activities	1,355,599	1,024,658	-	-	-	(330,941)	(330,941)
Total primary government	$ 3,994,088	$ 1,352,758	$ 127,290	$ 459,170	(1,723,929)	(330,941)	(2,054,870)
General revenues:							
Property taxes					699,807	-	699,807
Sales taxes					319,770	-	319,770
Other taxes					219,900	-	219,900
Franchise fees					183,940	-	183,940
State revenue sharing					86,360	-	86,360
Investment earnings					9,479	280	9,759
Miscellaneous revenues					61,510	400	61,910
Total general revenues					1,580,766	680	1,581,446
Change in net position					(143,163)	(330,261)	(473,424)
Net position, beginning of year					7,345,252	4,104,644	11,449,896
Net position, ending of year					$ 7,202,089	$ 3,774,383	$ 10,976,472

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

CITY OF HOMERVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General	EIP Revolving Loan	Better Hometown	SPLOST 2015	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 250,680	$ 1,118,020	$ 5,990	$ 236,140	$ 184,133	$ 1,794,963
Receivables, net	265,898	4,050	2,850	-	4,980	277,778
Notes receivable	-	254,290	-	-		254,290
Due from other governments, net	44,030	-	-	26,380	8,110	78,520
Due from other funds	1,229,517	-	-	63,700	216,470	1,509,687
Prepaid items	8,764	-	-	-	-	8,764
Total assets	$ 1,798,889	$ 1,376,360	$ 8,840	$ 326,220	$ 413,693	$ 3,924,002
LIABILITIES						
Accounts payable and accrued liabilities	$ 29,580	$ -	$ 40	$ 2,150	$ 7,490	$ 39,260
Customer deposits	-	-	6,640	-	40	6,680
Due to other funds	824,920	-	190,200	-	196,220	1,211,340
Total liabilities	854,500	-	196,880	2,150	203,750	1,257,280
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	269,983	-	-	-	-	269,983
Unavailable revenue - note receivable	-	254,290	-	-	-	254,290
Total deferred inflows of resources	269,983	254,290	-	-	-	524,273
FUND BALANCES						
Nonspendable:						
Prepaid items	8,764	-	-	-	-	8,764
Restricted for:						
Capital projects	-	1,122,070	-	324,070	139,050	1,585,190
Other purposes	-	-	-	-	38,933	38,933
Assigned to:						
Parks and recreation	-	-	-	-	31,960	31,960
Unassigned	665,642	-	(188,040)	-	-	477,602
Total fund balances	674,406	1,122,070	(188,040)	324,070	209,943	2,142,449
Total liabilities and fund balances	$ 1,798,889	$ 1,376,360	$ 8,840	$ 326,220	$ 413,693	$ 3,924,002

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, 2024

Fund balances - total governmental funds		$ 2,142,449
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	9,601,691	
Less: accumulated depreciation	(4,907,594)	4,694,097
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.		524,273
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:		
Lease obligations	(97,339)	
Compensated absences	(61,391)	(158,730)
Net position of governmental activities		$ 7,202,089

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, 2024

	General	EIP Revolving Loan	Better Hometown	SPLOST 2015	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 1,428,307	$ -	$ -	$ 301,820	$ 3,910	$ 1,734,037
Permits and fees	55,390	-	-	-	-	55,390
Intergovernmental	120,240	-	-	-	157,350	277,590
Charges for services	1,740	-	-	-	155,990	157,730
Fines and forfeitures	170,370	-	-	-	-	170,370
Investment income	770	8,589	20	-	100	9,479
Miscellaneous	1,250	93,270	13,220	-	13,700	121,440
Total revenues	1,778,067	101,859	13,240	301,820	331,050	2,526,036
Expenditures						
Current:						
General government	608,888	-	58,804	54,780	4,427	726,899
Public safety	883,816	-	-	14,850	-	898,666
Streets and sanitation	238,720	-	-	62,391	145,137	446,248
Culture and recreation	1,170	-	-	-	173,261	174,431
Capital outlay	81,335	-	-	20,399	29,519	131,253
Debt service:						
Principal retirement	-	-	-	105,575	-	105,575
Interest and fiscal charges	9,320	-	-	4,197	-	13,517
Total expenditures	1,823,249	-	58,804	262,192	352,344	2,496,589
Excess (deficiency) of revenues over expenditures	(45,182)	101,859	(45,564)	39,628	(21,294)	29,447
Other financing sources (uses)						
Transfers in	-	-	-	64,218	-	64,218
Transfers out	(34,088)	-	-	-	(30,130)	(64,218)
Issuance of long term debt	97,340	-	-	-	-	97,340
Total other financing sources (uses)	63,252	-	-	64,218	(30,130)	97,340
Net change in fund balances	18,070	101,859	(45,564)	103,846	(51,424)	126,787
Fund balances, beginning of year	656,336	1,020,211	(142,476)	220,224	261,367	2,015,662
Fund balances, end of year	$ 674,406	$ 1,122,070	$ (188,040)	$ 324,070	$ 209,943	$ 2,142,449

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	$	126,787
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		131,253
Depreciation expense		(365,515)
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		105,575
Revenues reported in governmental funds that provide current financial resources are not reported as revenues in governmental activities		(128,050)
Change in net position of governmental activities	$	(143,163)

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, 2024
FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities		
	Water, Sewer & Sanitation	Non-major Fund Airport	Total
ASSETS			
Cash and cash equivalents	156,410	$ 720	$ 157,130
Accounts receivable, net	347,228	-	347,228
Prepaid items	2,063	-	2,063
Due from other funds	602,030	-	602,030
Restricted current assets:			
Cash and cash equivalents	85,090	-	85,090
Total current assets	1,192,821	720	1,193,541
Noncurrent assets:			
Capital assets:			
Land	79,530	-	79,530
Buildings	9,665,480	-	9,665,480
Equipment	529,650	-	529,650
Accumulated depreciation	(5,977,837)	-	(5,977,837)
Total capital assets, net	4,296,823	-	4,296,823
Total noncurrent assets	4,296,823	-	4,296,823
Total assets	$ 5,489,644	$ 720	$ 5,490,364
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	$ 35,690	$ 264	$ 35,954
Deposits	85,090	-	85,090
Due to other funds	831,547	68,830	900,377
Compensated absences	4,627	-	4,627
Payable from restricted assets:			
Current maturities on long-term debt	138,402	-	138,402
Total current liabilities	1,095,356	69,094	1,164,450
Noncurrent liabilities:			
Bonds and notes payable, net	545,588	-	545,588
Compensated absences	5,943	-	5,943
Total noncurrent liabilities	551,531	-	551,531
Total liabilities	$ 1,646,887	$ 69,094	$ 1,715,981
NET POSITION			
Net investment in capital assets	$ 3,612,833	$ -	$ 3,612,833
Unrestricted	229,924	(68,374)	161,550
Total net position	$ 3,842,757	$ (68,374)	$ 3,774,383

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, 2024

	Business-type Activities		
	Water, Sewer & Sanitation	Non-major Fund Airport	Total
Operating revenues			
Charges for services	$ 1,023,968	$ 690	$ 1,024,658
Other revenues	400	-	400
Total operating revenues	1,024,368	690	1,025,058
Operating expenses			
Personal services	290,880	-	290,880
Operating expenses	459,361	11,754	471,115
Other supplies and expenses	337,370	1,617	338,987
Depreciation	224,857	-	224,857
Total operating expenses	1,312,468	13,371	1,325,839
Operating income (loss)	(288,100)	(12,681)	(300,781)
Nonoperating revenues (expenses)			
Interest earnings	270	10	280
Interest expense	(29,760)	-	(29,760)
Total nonoperating revenues (expenses)	(29,490)	10	(29,480)
Change in net position	(317,590)	(12,671)	(330,261)
Net position, beginning of year	4,160,347	(55,703)	4,104,644
Net position, end of year	$ 3,842,757	$ (68,374)	$ 3,774,383

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, 2024

	Business-type Activities		
	Water, Sewer & Sanitation	Non-major Fund Airport	Total
Cash flows from operating activities			
Cash received from customers	$ 982,668	$ 690	$ 983,358
Cash paid to employees	(287,662)	-	(287,662)
Cash paid to suppliers	(805,691)	(13,300)	(818,991)
Other receipts	(29,760)	-	(29,760)
Net cash provided by (used in) operating activities	(140,445)	(12,610)	(153,055)
Cash flows from noncapital financing activities			
Change from other funds	81,494	7,201	88,695
Net cash provided by (used in) noncapital financing activities	81,494	7,201	88,695
Cash flows from capital and related financing activities			
Principal payments of long-term debt	(131,006)	-	(131,006)
Net cash provided by (used in) capital and related financing activities	(131,006)	-	(131,006)
Cash flows from investing activities			
Interest received	270	10	280
Net cash provided by (used in) investing activities	270	10	280
Net change in cash and cash equivalents	(189,687)	(5,399)	(195,086)
Cash and cash equivalents, beginning of year	431,187	6,119	437,306
Cash and cash equivalents, end of year	$ 241,500	$ 720	$ 242,220
Cash and cash equivalents classified as:			
Unrestricted	$ 156,410	$ 720	$ 157,130
Restricted	85,090	-	85,090
Total cash and cash equivalents	$ 241,500	$ 720	$ 242,220
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (288,100)	$ (12,681)	$ (300,781)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	224,857	-	224,857
Nonoperating revenues (expenses)	(29,760)	-	(29,760)
Changes in assets and liabilities:			
Accounts receivable	(45,688)	-	(45,688)
Prepaid items	267	-	267
Accounts payable and accrued liabilities	(9,227)	71	(9,156)
Deposits	3,988	-	3,988
Compensated absences	3,218	-	3,218
Net cash provided by (used in) operating activities	$ (140,445)	$ (12,610)	$ (153,055)

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.

Better Hometown Fund – The Better Hometown Fund is used to account for the City's activities in the Better Hometown Program administered by the Georgia Department of Community Affairs, a community development program intended to revitalize small communities through technical assistances and fiscal resources to stimulate downtown revitalization.

SPLOST 2015 Fund – The SPLOST 2015 Fund is used to account for capital projects financed with special purpose local option sales tax that were approved in 2015 by referendum.

The City reports the following as a major proprietary fund:

Water. Sewer & Sanitation Fund—The Water, Sewer & Sanitation Fund accounts for financing and costs of providing water, sewer, and sanitation 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.

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

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.

The appropriated budget is prepared by fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The council made no supplemental budgetary appropriations throughout the year. Actual expenditures exceeded the approved amounts by $141,832 in the SPLOST 2015 Fund, $3,910 in the Hotel/Motel Tax Fund, $16,040 in the Recreation Department Fund, $109,490 in the REC SPLOST 2015 Fund, $55,296 in the T-SPLOST Fund, and $517 in the Tree Bank Fund.

(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.

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

(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

(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.

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

(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.

(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.

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

(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, 2024, the carrying amount of the City's bank deposits was $2,037,183 and the respective bank balances were $2,066,314. 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 $3,910 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, 2024, 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	$ -	$ 34,088
SPLOST 2015	64,218	-
TSPLOST	-	30,130
Total Governmental Activities	64,218	64,218
Totals – All Funds	$ 64,218	$ 64,218

For the year ended June 30, 2024, 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	$ 1,229,517	$ (824,920)
SPLOST 2015 Fund	63,700	-
Recreation Department Fund	180,570	(174,840)
Better Hometown Fund	-	(190,200)
ARPA Fund	33,700	-
T-SPLOST Fund	2,200	-
REC SPLOST 2015 Fund	-	(21,380)
Total Governmental Activities	1,509,687	(1,211,340)
Business-Type Activities:		
Water, Sewer & Sanitation Fund	602,030	(831,547)
Airport Fund	-	(68,830)
Total Business-Type Activities	602,030	(900,377)
Totals – All Funds	$ 2,111,717	$ (2,111,717)

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(6) Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2024, is as follows:

Governmental activities:	**Balance 06/30/23**	**Increases**	**Decreases**	**Balance 06/30/24**
Capital assets not being depreciated:				
Land	$ 67,386	$ -	$ -	$ 67,386
Total assets not being depreciated	67,386	-	-	67,386
Capital assets being depreciated and amortized:				
Buildings	1,074,038	-	-	1,074,038
Equipment	2,688,887	131,253	-	2,820,140
Improvements	5,640,127	-	-	5,640,127
Total assets being depreciated and amortized	9,403,052	131,253	-	9,534,305
Less accumulated depreciation and amortization for:				
Buildings	(541,334)	(28,934)	-	(570,268)
Equipment	(2,322,910)	(159,298)	-	(2,482,208)
Improvements	(1,677,835)	(177,283)	-	(1,855,118)
Less: accumulated depreciation and amortization	(4,542,079)	(365,515)	-	(4,907,594)
Total capital assets being depreciated and amortized, net	4,860,973	(234,262)	-	4,626,711
Governmental activities capital assets, net	$ 4,928,359	$ (234,262)	$ -	$ 4,694,097

Business-type activities:	**Balance 06/30/23**	**Increases**	**Decreases**	**Balance 06/30/24**
Capital assets not being depreciated:				
Land	$ 79,534	$ -	$ -	$ 79,534
Total assets not being depreciated	79,534	-	-	79,534
Capital assets being depreciated and amortized:				
Buildings	9,665,474	-	-	9,665,474
Equipment	529,646	-	-	529,646
Total assets being depreciated and amortized	10,195,120	-	-	10,195,120
Less accumulated depreciation and amortization for:				
Buildings, equipment and improvements	(5,752,974)	(224,857)	-	(5,977,831)
Less: accumulated depreciation and amortization	(5,752,974)	(224,857)	-	(5,977,831)
Total capital assets being depreciated and amortized, net	4,442,146	(224,857)	-	4,217,289
Business-type activities capital assets, net	$ 4,521,680	$ (224,857)	$ -	$ 4,296,823

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 45,156
Public safety	141,335
Streets and sanitation	130,644
Airport	48,380
Total depreciation expense - governmental activities	$ 365,515
Business-type activities:	
Water, Sewer & Sanitation	$ 224,857
Total depreciation expense - business-type activities	$ 224,857

(7) Short-Term Notes Payable:

Short-term notes payable comprised of a Tax Anticipation Note due to Farmer's and Merchants Bank for operating expenses with an interest rate of 4.50%, which was paid off in full during the year ended June 30, 2024. TAN Note FMB #51433172 had a maturity date of 12/15/2023. The following is a summary of short-term debt transactions of the City for the year ended June 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
TAN Note – FMB #51433172	$ 190,500	$ -	$ (190,500)	$ -
Total short-term notes payable	$ 190,500	$ -	$ (190,500)	$ -

(8) Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease payable	$ 105,575	$ 97,339	$ (105,575)	$ 97,339	$ 21,701
Compensated absences	48,178	13,213	-	61,391	16,837
Total long-term liabilities	$ 153,753	$ 110,552	$ (105,575)	$ 158,730	$ 38,538

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Notes payable	$ 814,996	$ -	$ (131,006)	$ 683,990	$ 138,402
Compensated absences	7,352	3,218	-	10,570	4,627
Total long-term liabilities	$ 822,348	$ 3,218	$ (131,006)	$ 694,560	$ 143,029

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

Notes payable and long-term debt in the City's business-type activities at June 30, 2024, 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, Sewer & Sanitation 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, Sewer & Sanitation 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, Sewer & Sanitation 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
2025	$ 138,402	$ 21,133	$ 159,535
2026	145,897	14,846	160,743
2027	153,500	8,799	162,299
2028	42,457	2,452	44,909
2029	19,107	2,008	21,115
2030-2034	98,541	7,035	105,576
2035-2039	86,086	1,898	87,984
Total	$ 683,990	$ 58,171	$ 742,161

(9) **Leases:**

The City has entered into a lease agreement as the lessee for financing the acquisition of multiple police vehicles. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. Accumulated amortization resulting from the lease is included with depreciation expense.

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

Year Ending June 30,	Principal	Interest	Total
2025	$ 21,701	$ 7,482	$ 29,183
2026	23,369	5,814	29,183
2027	25,166	4,017	29,183
2028	27,103	2,083	29,186
Total	$ 97,339	$ 19,396	$ 116,735

(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, 2024, 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, 2024, the City paid $4,347 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) **Deficit Fund Balance and Net Position:**

At June 30, 2024, the Better Hometown Fund reported a fund balance deficit of $(188,040) and the Airport Fund reported a net position deficit of $(68,374). These cumulative deficits were the result of ongoing deficits continuing from the prior year. In response to the deficits, the City has increased its review over financial reporting and future budgeting process to resolve the year end deficits in subsequent fiscal years.

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

During the fiscal year ended June 30, 2024, 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:			
Public safety	798,856	883,816	(84,960)
Capital outlay	35,000	81,335	(46,335)

(15) 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 City's financial statements:

A. 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.

B. 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.

C. 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.

D. GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

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, 2024

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Taxes	$ 1,410,645	$ 1,410,645	$ 1,428,307	$ 17,662
Permits and fees	57,828	57,828	55,390	(2,438)
Intergovernmental	17,700	17,700	120,240	102,540
Charges for services	1,960	1,960	1,740	(220)
Fines and forfeitures	163,250	163,250	170,370	7,120
Investment income	193,000	193,000	770	(192,230)
Miscellaneous	16,500	16,500	1,250	(15,250)
Total revenues	1,860,883	1,860,883	1,778,067	(82,816)
Expenditures				
Current:				
General government	661,865	661,865	608,888	52,977
Public safety	798,856	798,856	883,816	(84,960)
Streets and sanitation	501,619	501,619	238,720	262,899
Culture and recreation	4,100	4,100	1,170	2,930
Capital outlay	35,000	35,000	81,335	(46,335)
Debt service:				
Principal retirement	206,250	206,250	-	206,250
Interest and fiscal charges	-	-	9,320	(9,320)
Total expenditures	2,207,690	2,207,690	1,823,249	384,441
Excess (deficiency) of revenues over expenditures	(346,807)	(346,807)	(45,182)	301,625
Other financing sources (uses)				
Transfers out	(14,500)	(14,500)	(34,088)	(19,588)
Issuance of long-term debt	-	-	97,340	97,340
Total other financing sources (uses)	(14,500)	(14,500)	63,252	77,752
Net change in fund balances	(361,307)	(361,307)	18,070	379,377
Fund balances, beginning of year	656,336	656,336	656,336	-
Fund balances, end of year	$ 295,029	$ 295,029	$ 674,406	$ 379,377

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, 2024

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Investment income	$ -	$ -	$ 8,589	$ 8,589
Miscellaneous	-	-	93,270	93,270
Total revenues	-	-	101,859	101,859
Expenditures				
Current:				
Economic environment	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	-	101,859	101,859
Fund balances, beginning of year	1,020,211	1,020,211	1,020,211	-
Fund balances, end of year	$ 1,020,211	$ 1,020,211	$ 1,122,070	$ 101,859

CITY OF HOMERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BETTER HOMETOWN FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Charges for services	$ 2,400	$ 2,400	$ -	$ (2,400)
Investment income	-	-	20	20
Miscellaneous	14,000	14,000	13,220	(780)
Total revenues	16,400	16,400	13,240	(3,160)
Expenditures				
Current:				
General government	69,424	69,424	58,804	10,620
Total expenditures	69,424	69,424	58,804	10,620
Net change in fund balances	(53,024)	(53,024)	(45,564)	7,460
Fund balances, beginning of year	(142,476)	(142,476)	(142,476)	-
Fund balances, end of year	$ (195,500)	$ (195,500)	$ (188,040)	$ 7,460

SUPPLEMENTARY INFORMATION

CITY OF HOMERVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue							Total Nonmajor Governmental Funds
	ARPA	Hotel/Motel Tax	Recreation Department	REC SPLOST 2015	T-SPLOST	CDBG 2015	Tree Bank	
ASSETS								
Cash and cash equivalents	$ 5,233	$ -	$ 26,650	$ 148,930	$ 1,060	$ 10	$ 2,250	$ 184,133
Receivables, net	-	-	140	-	4,840	-	-	4,980
Due from other governments, net	-	-	-	8,110	-	-	-	8,110
Due from other funds	33,700	-	180,570	-	2,200	-	-	216,470
Total assets	$ 38,933	$ -	$ 207,360	$ 157,040	$ 8,100	$ 10	$ 2,250	$ 413,693
LIABILITIES								
Accounts payable and accrued liabilities	$ -	$ -	$ 560	$ 6,930	$ -	$ -	$ -	$ 7,490
Customer deposits	-	-	-	-	40	-	-	40
Due to other funds	-	-	174,840	21,380	-	-	-	196,220
Total liabilities	-	-	175,400	28,310	40	-	-	203,750
FUND BALANCES								
Restricted for:								
Capital projects	-	-	-	128,730	8,060	10	2,250	139,050
Other purposes	38,933	-	-	-	-	-	-	38,933
Committed to:								
TBD	-	-	-	-	-	-	-	-
Assigned to:								
Parks and recreation	-	-	31,960	-	-	-	-	31,960
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	38,933	-	31,960	128,730	8,060	10	2,250	209,943
Total liabilities and fund balances	$ 38,933	$ -	$ 207,360	$ 157,040	$ 8,100	$ 10	$ 2,250	$ 413,693

CITY OF HOMERVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXGENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue							Total Nonmajor Governmental Funds
	ARPA	Hotel/Motel Tax	Recreation Department	REC SPLOST 2015	T-SPLOST	CDBG 2015	Tree Bank	
Revenues								
Taxes	$ -	$ 3,910	$ -	$ -	$ -	$ -	$ -	$ 3,910
Intergovernmental	-	-	-	101,870	55,480	-	-	157,350
Miscellaneous	-	-	11,960	-	-	-	1,740	13,700
Total revenues	-	3,910	168,050	101,870	55,480	-	1,740	331,050
Expenditures								
Current:								
General government	-	3,910	-	-	-	-	517	4,427
Streets and sanitation	-	-	-	119,971	25,166	-	-	145,137
Capital outlay	-	-	-	29,519	-	-	-	29,519
Total expenditures	-	3,910	173,261	149,490	25,166	-	517	352,344
Excess (deficiency) of revenues over expenditures	-	-	(5,211)	(47,620)	30,314	-	1,223	(21,294)
Other financing sources								
Transfers out	-	-	-	-	(30,130)	-	-	(30,130)
Issuance of long term debt	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	(30,130)	-	-	(30,130)
Net change in fund balances	-	-	(5,211)	(47,620)	184	-	1,223	(51,424)
Fund balances, beginning of year	38,933	-	37,171	176,350	7,876	10	1,027	261,367
Fund balances, end of year	$ 38,933	$ -	$ 31,960	$ 128,730	$ 8,060	$ 10	$ 2,250	$ 209,943

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, 2024

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior years	Current year	Total
Parks and Recreation Improvements and Equipment	$ 370,000	$ 450,000	$ 265,916	$ 149,484	$ 415,400
Debt service for parks and recreation improvements and equipment	-	100,000	92,949	-	92,949
Total	$ 370,000	$ 550,000	$ 358,865	$ 149,484	$ 508,349

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, 2024

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior years	Current year	Total
Roads, Street, Drainage and Bridges	$ 253,129	$ 253,129	$ 413,901	$ -	$ 413,901
Construction of, Improvements to and Equipment for Homerville City Hall	200,000	200,000	90,489	54,784	145,273
Construction of, Improvements to and Equipment for Public Meeting and Community Event Facilities	300,000	250,000	24,255	102,274	126,529
Public Safety and Emergency Vehicles, Equipment and Facilities	300,000	350,000	584,023	-	584,023
Construction of and Improvements to Water System	150,000	150,000	149,375	82,795	232,170
Total	$ 1,203,129	$ 1,203,129	$ 1,262,043	$ 239,853	$ 1,501,896

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, 2024

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior years	Current year	Total
Public Safety and Emergency Vehicles	$ 50,000	$ 150,000	$ 89,849	$ 25,173	$ 115,022
Total	$ 50,000	$ 150,000	$ 89,849	$ 25,173	$ 115,022

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 6, 2025.

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 a material weakness:

2024-001 – Reconciliation of Account Balances (Repeat Comment)

Various audit adjustments were required to correct account balances due to misclassifications in the original posting 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.

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
February 6, 2025

MANAGEMENT'S RESPONSE TO COMMENTS

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

2024-001 – 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.