CITY OF LEESBURG, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

CITY OF LEESBURG, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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CITY OF LEESBURG, GEORGIA

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FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Leesburg, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, 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 and the respective budgetary comparison for the General Fund and the American Rescue Plan Act ("ARPA") Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States ("*Government Auditing Standards"*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our 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 Schedule of Changes in the City's Net Pension Liability and Related Ratios (on pages 42 and 43) and the Schedule of City Contributions (on pages 44 and 45) 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 did 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 ("MD&A") that accounting principles generally accepted in the United States of America requires 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 GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A") §48-8-121, the Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds, as required by the O.C.G.A. §48-8-269.5, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards, are presented for the purpose of additional analysis, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds, the Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated June 29, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
June 29, 2023

CITY OF LEESBURG, GEORGIA

STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 3,382,396	$ 1,759,893	$ 5,142,289
Investments	133,925	145,557	279,482
Taxes receivable	48,108	-	48,108
Accounts receivable, net of allowances	75,770	186,459	262,229
Due from other governments	434,501	-	434,501
Internal balances	(70,587)	70,587	-
Prepaid expenses	53,867	43,156	97,023
Capital assets:			
Nondepreciable	554,773	111,092	665,865
Depreciable, net of accumulated depreciation	2,413,686	11,205,339	13,619,025
Total assets	7,026,439	13,522,083	20,548,522
DEFERRED OUTFLOWS OF RESOURCES			
Contributions subsequent to the measurement date	51,554	18,124	69,678
Differences between expected and actual experience	100,258	35,246	135,504
Assumption changes	17,734	6,234	23,968
Total deferred outflows of resources	169,546	59,604	229,150
LIABILITIES			
Accounts payable	244,514	86,674	331,188
Accrued liabilities	96,028	3,101	99,129
Unearned revenues - grants	534,390	-	534,390
Customer deposits payable	-	206,419	206,419
Notes payable due within one year	-	126,298	126,298
Notes payable due in more than one year	-	2,080,259	2,080,259
Compensated absences due within one year	42,920	16,551	59,471
Compensated absences due in more than one year	23,111	8,913	32,024
Net pension liability	223,849	78,695	302,544
Total liabilities	1,164,812	2,606,910	3,771,722
DEFERRED INFLOWS OF RESOURCES			
Differences between expected and actual experience	3,261	1,146	4,407
Net difference between projected and actual earnings on pension plan investments	147,774	51,951	199,725
Total deferred inflows of resources	151,035	53,097	204,132
NET POSITION			
Net investment in capital assets	2,968,459	9,109,874	12,078,333
Restricted for:			
Capital projects	1,038,669	-	1,038,669
Public safety	1,797	-	1,797
Unrestricted	1,871,213	1,811,806	3,683,019
Total net position	$ 5,880,138	$ 10,921,680	$ 16,801,818

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

CITY OF LEESBURG, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL 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
Primary government:				
Governmental activities:				
General government	$ 500,241	$ 17,822	$ 21,395	$ -
Judicial	125,842	-	-	-
Public safety	1,238,296	415,754	237,363	-
Public works	1,774,287	600,545	7,410	1,388,652
Housing and development	9,554	-	-	-
Total governmental activities	3,648,220	1,034,121	266,168	1,388,652
Business-type activities:				
Water and sewer	1,411,092	1,225,610	-	1,088,164
Total business-type activities	1,411,092	1,225,610	-	1,088,164
Total primary government	$ 5,059,312	$ 2,259,731	$ 266,168	$ 2,476,816

General revenues:
- Property taxes
- Franchise fees
- Sales taxes
- Selective sales and use taxes
- Business taxes
- Insurance premium tax
- Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (461,024)	$ -	$ (461,024)
(125,842)	-	(125,842)
(585,179)	-	(585,179)
222,320	-	222,320
(9,554)	-	(9,554)
(959,279)	-	(959,279)
-	902,682	902,682
-	902,682	902,682
(959,279)	902,682	(56,597)
494,834	-	494,834
164,456	-	164,456
660,624	-	660,624
65,867	-	65,867
41,872	-	41,872
240,529	-	240,529
660	464	1,124
74,800	(74,800)	-
1,743,642	(74,336)	1,669,306
784,363	828,346	1,612,709
5,095,775	10,093,334	15,189,109
$ 5,880,138	$ 10,921,680	$ 16,801,818

CITY OF LEESBURG, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Sales Tax Fund	TSPLOST Fund	ARPA Fund	Nonmajor Governmental Funds Confiscated Assets Fund	Totals Governmental Funds
ASSETS						
Cash and cash equivalents	$ 2,104,916	$ 528,624	$ 747,059	$ -	$ 1,797	$ 3,382,396
Investments	133,925	-	-	-	-	133,925
Taxes receivable, net	48,108	-	-	-	-	48,108
Accounts receivable	75,770	-	-	-	-	75,770
Due from other funds	183,488	3,159	-	534,390	-	721,037
Due from other governments	175,769	180,929	77,803	-	-	434,501
Prepaid expenditures	53,867	-	-	-	-	53,867
Total assets	$ 2,775,843	$ 712,712	$ 824,862	$ 534,390	$ 1,797	$ 4,849,604
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 119,410	$ 5,123	$ 119,981	$ -	$ -	$ 244,514
Accrued liabilities	96,028	-	-	-	-	96,028
Unearned revenues - grants	-	-	-	534,390	-	534,390
Due to other funds	534,390	-	7,100	-	-	541,490
Advance to other funds	-	250,134	-	-	-	250,134
Total liabilities	749,828	255,257	127,081	534,390	-	1,666,556
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	47,930	-	-	-	-	47,930
Unavailable revenue - grants	-	84,662	31,905	-	-	116,567
Total deferred inflows of resources	47,930	84,662	31,905	-	-	164,497
FUND BALANCES						
Nonspendable:						
Prepaid expenditures	53,867	-	-	-	-	53,867
Restricted for:						
Capital projects	-	372,793	665,876	-	-	1,038,669
Public safety	-	-	-	-	1,797	1,797
Unassigned	1,924,218	-	-	-	-	1,924,218
Total fund balances	1,978,085	372,793	665,876	-	1,797	3,018,551
Total liabilities, deferred inflows of resources, and fund balances	$ 2,775,843	$ 712,712	$ 824,862	$ 534,390	$ 1,797	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,968,459
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	164,497
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds.	169,546
Certain liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	(66,031)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.	(223,849)
Deferred inflows of resources related to pension assumption changes are not available to pay for current period expenditures and, therefore, are not reported in the funds.	(151,035)
Net position of governmental activities	$ 5,880,138

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

CITY OF LEESBURG, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Sales Tax Fund	TSPLOST Fund	ARPA Fund	Nonmajor Governmental Funds Confiscated Assets Fund	Totals Governmental Funds
Revenues						
Property taxes	$ 454,959	$ -	$ -	$ -	$ -	$ 454,959
Franchise fees	164,456	-	-	-	-	164,456
Sales taxes	660,624	-	-	-	-	660,624
Selective sales and use taxes	65,867	-	-	-	-	65,867
Business taxes	41,872	-	-	-	-	41,872
Insurance premium taxes	240,529	-	-	-	-	240,529
Licenses and permits	6,600	-	-	-	-	6,600
Intergovernmental	222,724	739,572	532,390	36,034	-	1,530,720
Charges for services	601,605	-	-	-	-	601,605
Fines and forfeitures	414,964	-	-	-	-	414,964
Rent revenue	2,390	-	-	-	-	2,390
Interest revenue	521	123	139	-	-	783
Other revenues	8,562	-	7,410	-	-	15,972
Total revenues	2,885,673	739,695	539,939	36,034	-	4,201,341
Expenditures						
Current:						
General government	424,985	-	-	36,034	-	461,019
Judicial	125,842	-	-	-	-	125,842
Public safety	1,192,484	-	-	-	-	1,192,484
Public works	983,737	-	-	-	-	983,737
Economic development	9,554	-	-	-	-	9,554
Capital outlay	-	572,067	421,348	-	-	993,415
Total expenditures	2,736,602	572,067	421,348	36,034	-	3,766,051
Excess of revenues over expenditures	149,071	167,628	118,591	-	-	435,290
Other financing sources						
Transfers in	159,618	-	-	-	-	159,618
Total other financing sources	159,618	-	-	-	-	159,618
Net change in fund balances	308,689	167,628	118,591	-	-	594,908
Fund balances, beginning of year	1,669,396	205,165	547,285	-	1,797	2,423,643
Fund balances, end of year	$ 1,978,085	$ 372,793	$ 665,876	$ -	$ 1,797	$ 3,018,551

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

CITY OF LEESBURG, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	594,908
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		137,576
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to decrease net position.		(108,203)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		156,442
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		3,640
Net change in net position - governmental activities	$	784,363

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

CITY OF LEESBURG, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Property taxes	$ 454,394	$ 471,994	$ 454,959	$ (17,035)
Franchise fees	165,317	165,317	164,456	(861)
Sales taxes	480,000	510,000	660,624	150,624
Selective sales and use taxes	57,300	57,300	65,867	8,567
Business taxes	37,280	37,280	41,872	4,592
Insurance premium taxes	230,000	230,000	240,529	10,529
Licenses and permits	6,250	6,250	6,600	350
Intergovernmental	203,329	210,729	222,724	11,995
Charges for services	575,310	575,310	601,605	26,295
Fines and forfeitures	390,000	415,000	414,964	(36)
Rent revenue	5,000	5,000	2,390	(2,610)
Interest revenue	1,400	1,400	521	(879)
Other revenues	-	6,000	8,562	2,562
Total revenues	2,605,580	2,691,580	2,885,673	194,093
Expenditures				
Current				
General government:				
Administration	568,944	548,554	424,985	123,569
Total general government	568,944	548,554	424,985	123,569
Judicial:				
Municipal court	109,146	127,446	125,842	1,604
Total judicial	109,146	127,446	125,842	1,604
Public safety:				
Police	1,204,419	1,434,919	1,192,484	242,435
Total public safety	1,204,419	1,434,919	1,192,484	242,435
Public works:				
Sanitation	485,733	485,356	485,356	-
Maintenance department	482,615	519,815	498,316	21,499
Code enforcement	3,455	3,455	65	3,390
Total public works	971,803	1,008,626	983,737	24,889
Economic development:				
Economic development	11,156	9,956	9,554	402
Total economic development	11,156	9,956	9,554	402
Total expenditures	2,865,468	3,129,501	2,736,602	392,899
Excess (deficiency) of revenues over (under) expenditures	(259,888)	(437,921)	149,071	586,992
Other financing sources (uses)				
Transfers in	159,618	159,618	159,618	-
Appropriation of fund balance	100,000	100,000	-	(100,000)
Total other financing sources (uses)	259,618	259,618	159,618	100,000
Net change in fund balances	(270)	(178,303)	308,689	486,992
Fund balances, beginning of year	1,669,396	1,669,396	1,669,396	-
Appropriation of fund balance	(100,000)	(100,000)	-	100,000
Fund balances, end of year	$ 1,569,126	$ 1,391,093	$ 1,978,085	$ 586,992

CITY OF LEESBURG, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
ARPA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental	$ -	$ -	$ 36,034	$ 36,034
Total revenues	-	-	36,034	36,034
Expenditures				
Current				
General government:				
Administration	-	-	36,034	(36,034)
Total general government	-	-	36,034	(36,034)
Total expenditures	-	-	36,034	(36,034)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

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

CITY OF LEESBURG, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Water and Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 1,759,893
Investments	145,557
Accounts receivable	186,459
Due from other funds	100
Advance from other funds	250,134
Prepaid expenses	43,156
Total current assets	2,385,299
NON-CURRENT ASSETS	
Capital assets:	
Nondepreciable	111,092
Depreciable, net of accumulated depreciation	11,205,339
Total non-current assets	11,316,431
Total assets	13,701,730
DEFERRED OUTFLOWS OF RESOURCES	
Contributions subsequent to the measurement date	18,124
Differences between expected and actual experience	35,246
Pension assumption changes	6,234
Total deferred outflows of resources	59,604
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	86,674
Accrued liabilities	3,101
Due to other funds	179,647
Customer deposits payable	206,419
Compensated absences, current portion	16,551
Notes payable, current portion	126,298
Total current liabilities	618,690
NON-CURRENT LIABILITIES	
Compensated absences, net of current portion	8,913
Notes payable, net of current portion	2,080,259
Net pension liability	78,695
Total long-term liabilities	2,167,867
Total liabilities	2,786,557
DEFERRED INFLOWS OF RESOURCES	
Differences between expected and actual experience	1,146
Net difference between projected and actual earnings on pension plan investments	51,951
Total deferred inflows of resources	53,097
NET POSITION	
Net investment in capital assets	9,109,874
Unrestricted	1,811,806
Total net position	$ 10,921,680

CITY OF LEESBURG, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund
OPERATING REVENUES	
Charges for services	$ 1,221,505
Other services	4,105
Total operating revenues	1,225,610
OPERATING EXPENSES	
Personal services	472,402
Costs of operations	257,270
Supplies	164,640
Depreciation	478,593
Total operating expenses	1,372,905
Operating loss	(147,295)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	464
Interest expense	(38,187)
Total non-operating expenses, net	(37,723)
Loss before contributions and transfers	(185,018)
CAPITAL CONTRIBUTIONS	
Intergovernmental - capital grants	710,997
Capital contributions	461,985
	1,172,982
TRANSFERS	
Transfers out	(159,618)
	(159,618)
Change in net position	828,346
NET POSITION, beginning of year	10,093,334
NET POSITION, end of year	$ 10,921,680

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

CITY OF LEESBURG, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 1,376,694
Payments to suppliers	(392,630)
Payments to employees	(472,794)
Net cash provided by operating activities	511,270
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers out	(159,618)
Net cash used in noncapital financing activities	(159,618)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(786,829)
Intergovernmental revenues	710,997
Principal paid on notes payable	(152,517)
Interest paid	(38,529)
Net cash used in capital and related financing activities	(248,841)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(218)
Interest received	464
Net cash provided by investing activities	246
Change in cash and cash equivalents	103,057
Cash and cash equivalents:	
Beginning of year	1,656,836
End of year	$ 1,759,893

(Continued)

CITY OF LEESBURG, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	$ (147,295)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	478,593
Changes in assets and liabilities:	
Increase in accounts receivable	(38,102)
Decrease in advance from other funds	83,378
Increase in prepaid expenses	(3,513)
Increase in deferred outflows of resources related to pension	(3,368)
Increase in accounts payable	32,793
Decrease in customer deposits	(1,565)
Increase in due to other funds	99,373
Increase in compensated absences	3,906
Increase in deferred inflows of resources related to pension	46,482
Decrease in net pension liability	(47,412)
Net cash provided by operating activities	$ 511,270
Noncash capital and related financing activities	
Contributions of capital assets from SPLOST Fund	$ 84,818
Contributions of capital assets from General Fund	377,167
	$ 461,985

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

The City was incorporated in 1898 and operates under a Board – Manager form of government. The City Manager is the head of the administrative branch of government. As such, he is responsible for the day-to-day operations of city government. The legislative authority of the City is vested in the Mayor and six Council members with an appointed City Manager. The City provides the following services and operations as authorized by its charter: public safety (police); public works; general administrative services; and public utilities (water and sewer). As required by GAAP, the financial statements of the reporting entity include the accounts of all City operations and all activities of the City.

Based on criteria set forth by GASB Statement 14, *The Financial Reporting Entity,* as amended by GASB 39, *Determining Whether Certain Organizations are Component Units,* and GASB No. 61, *The Financial Reporting Entity*, the City was determined to have no component units as of June 30, 2022.

B. Government-Wide and Fund Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds and 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 Basis of Presentation

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

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

The ***Sales Tax fund*** is a capital projects fund that is used to account for projects financed by a special purpose sales and use tax.

The **Transportation Special Purpose Local Option Sales Tax ("*TSPLOST") fund*** is a capital projects fund that is used to account for transportation projects financed by a special purpose sales and use tax.

The ***American Rescue Plan Act ("ARPA") fund*** is a special revenue fund that accounts for the American Rescue Plan Act's grant revenues and expenditures.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following non-major funds:

The ***Confiscated Assets fund*** is a special revenue fund that accounts for revenue sources that are legally restricted for expenditures of specific purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *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 enterprise funds are charges to customers for sales and services provided. The City also recognizes as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system.

Operating expenses for the 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. Cash and Investments

Cash includes amounts in demand deposits, as well as short-term investments, with a maturity date within three months of the date acquired by the City.

Statutes authorize the City to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, repurchase agreements and Georgia Fund 1, the Local Government Investment Pool.

Cash deposits are reported at carrying amount, which reasonably estimates fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” in the fund financial statements. Short-term interfund loans are classified as “interfund receivables/payables”. Long-term interfund loans are classified as “advances”. Any residual balances outstanding between governmental and business-type activities are reported in the government-wide statement of net position as “internal balances.”

F. Grants from Other Governments

Federal and state governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, land easement, or capital asset acquisitions, are recorded as capital contributions within the statement of revenues, expenses and changes in fund net assets. For all funds, a grant receivable is recorded when the City has a right to receive the related grant amounts.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period.

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

Buildings and improvements	20 – 60 years
Infrastructure	10 – 50 years
Equipment and vehicles	5 – 20 years
Plant	50 years
Water and sewer system	30 years

H. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when the employees separate from service with the City. Therefore, all sick pay is expensed when incurred. The City does allow for employees to accumulate earned but unused vacation time with such time being fully vested when earned. For the City's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category that are related to changes in its net pension liability. Any contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. Changes in actuarial assumptions, which adjust the net pension liability, are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Additionally, experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members.

In addition to liabilities, the Governmental Funds Balance Sheet and 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. The City has one type of item, arising only under a modified accrual basis of accounting that qualifies for reporting in this category. *Unavailable revenue* is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues from property taxes and sales taxes not received within 60 days after year end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

Additionally, the City has three items that qualify for reporting in this category related to the City's net pension liability, which are reported in the government-wide and proprietary fund statements of net position. The differences between projected investment return on pension investments and actual return on those investments is deferred and amortized against pension expense over a five year period, resulting in recognition as a deferred inflow of resources. Changes in actuarial assumptions, which adjust the net pension liability, are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Additionally, experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members.

K. Fund Equity

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's Manager to assign fund balances.

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

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

- Committed
- Assigned
- Unassigned

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

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

L. Use of Estimates

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City of Leesburg Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and are payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

Compensated absences	$ (66,031)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position of governmental activities*	$ (66,031)

Another element of that reconciliation explains that "deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds". The details of this difference are as follows:

Differences between expected and actual experience	$ 100,258
Assumption changes	17,734
City contributions subsequent to the measurement date	51,554
Net adjustment to increase fund balance - total governmental funds to arrive at *net position - governmental activities*	$ 169,546

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Another element of that reconciliation explains that "deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds". The details of this difference are as follows:

Net difference between projected and actual earnings on pension plan investments	$	(147,774)
Differences between expected and actual experience		(3,261)
Net adjustment to reduce fund balance - total governmental funds to arrive at *net position - governmental activities*	$	(151,035)

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes 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. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	$	270,990
Depreciation expense		(133,414)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	137,576

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds." The details of this difference are as follows:

Compensated absences	$	(7,964)
Change in pension and related deferred inflows and outflows of resources		11,604
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	3,640

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

The City followed these procedures in establishing the budgetary data reflected in the financial statements for the fiscal year ended June 30, 2022:

1. The City Clerk and Budget Committee prepares a proposed operating budget for the year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at the City offices to obtain taxpayer comments.
3. After the public hearing, the City Council legally enacts the budget through passage of a resolution.
4. The budget is employed as a management control device during the year.
5. Formal budgetary integration is employed as a management control device during the year for all the governmental funds and the enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only.
6. Any revisions to increase expenditures must be approved by the City Council.
7. Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with GAAP.

Budget amounts are as originally adopted or as amended by the City Council. The City did not adopt a budget for the ARPA Fund for the fiscal year ended June 30, 2022.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the City.

NOTE 4. DEPOSITS AND INVESTMENTS

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

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2022, the City had the following investments:

Investments	Maturities	Fair Value
Certificates of deposit	2-month weighted average	$ 279,482

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

Custodial credit risk – deposits. The City does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2022, the City had no uncollateralized deposits as defined by GASB pronouncements.

Fair Value Measurements. The City categorizes its fair value investments within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. At June 30, 2022, the City had no investments requiring disclosure within the fair value hierarchy.

NOTE 5. RECEIVABLES

Receivables as of June 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water and Sewer	Total
Receivables:			
Taxes	$ 62,352	$ -	$ 62,352
Accounts	115,563	260,495	376,058
Gross receivables	177,915	260,495	438,410
Less: allowance for uncollectibles	54,037	74,036	128,073
Net total receivables	$ 123,878	$ 186,459	$ 310,337

NOTE 5. RECEIVABLES (CONTINUED)

Property taxes. Property taxes were levied by the City on October 19, 2021 (Levy Date), based upon property values assessed as of January 1. The billings were mailed on November 15, 2021, and payable on or before January 20, 2022. The net receivables collected during the year ended June 30, 2022, and collected by August 31, 2022, are recognized as revenues in the year ended June 30, 2022. Net receivables estimated to be collected subsequent to August 31, 2022, are recorded as revenue when received. Taxes not paid by January 1 are subject to property tax liens. Property tax revenues are recognized when levied to the extent they result in current receivables.

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 105,840	$ -	$ -	$ -	$ 105,840
Construction in progress	338,619	218,517	(23,385)	(84,818)	448,933
Total capital assets, not being depreciated	444,459	218,517	(23,385)	(84,818)	554,773
Capital assets, being depreciated:					
Buildings and improvements	2,524,807	-	-	(12,119)	2,512,688
Equipment and vehicles	986,522	52,473	-	12,119	1,051,114
Infrastructure	549,724	-	-	-	549,724
Total capital assets, being depreciated	4,061,053	52,473	-	-	4,113,526
Accumulated depreciation for:					
Buildings and improvements	(503,360)	(63,602)	-	-	(566,962)
Equipment and vehicles	(884,621)	(56,068)	-	-	(940,689)
Infrastructure	(178,445)	(13,744)	-	-	(192,189)
Total accumulated depreciation	(1,566,426)	(133,414)	-	-	(1,699,840)
Total capital assets, being depreciated, net	2,494,627	(80,941)	-	-	2,413,686
Governmental activities capital assets, net	$ 2,939,086	$ 137,576	$ (23,385)	$ (84,818)	$ 2,968,459

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 12,927	$ -	$ -	$ -	$ 12,927
Construction in progress	129,134	1,163,995	-	(1,194,964)	98,165
Total capital assets, not being depreciated	142,061	1,163,995	-	(1,194,964)	111,092
Capital assets, being depreciated:					
Land improvements	619,003	-	-	-	619,003
Equipment and vehicles	549,331	-	-	402,323	951,654
Plant	6,297,959	-	-	-	6,297,959
Water and sewer system	8,446,802	-	-	877,459	9,324,261
Total capital assets, being depreciated	15,913,095	-	-	1,279,782	17,192,877
Accumulated depreciation for:					
Land improvements	(657,168)	(9,326)	-	118,350	(548,144)
Equipment and vehicles	(392,332)	(51,742)	-	(10,065)	(454,139)
Plant	(1,159,779)	(210,158)	-	-	(1,369,937)
Water and sewer system	(3,299,666)	(207,367)	-	(108,285)	(3,615,318)
Total accumulated depreciation	(5,508,945)	(478,593)	-	-	(5,987,538)
Total capital assets, being depreciated, net	10,404,150	(478,593)	-	1,279,782	11,205,339
Business-type activities capital assets, net	$ 10,546,211	$ 685,402	$ -	$ 84,818	$ 11,316,431

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

Governmental activities:	
General government	$ 44,026
Public safety	41,292
Public works	48,096
Total depreciation expense - governmental activities	$ 133,414
Business - type activities	
Water and sewer	$ 478,593
Total depreciation expense - business - type activities	$ 478,593

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended June 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Governmental activities:					
Compensated absences	$ 58,067	$ 24,745	$ (16,781)	$ 66,031	$ 42,920
Net pension liability	357,683	195,274	(329,108)	223,849	-
Governmental activity long-term liabilities	$ 415,750	$ 220,019	$ (345,889)	$ 289,880	$ 42,920
Business-type activities:					
Notes payable	$ 2,341,038	$ 18,036	$ (152,517)	$ 2,206,557	$ 126,298
Compensated absences	21,558	19,470	(15,564)	25,464	16,551
Net pension liability	126,107	68,650	(116,062)	78,695	-
Business-type activity long-term liabilities	$ 2,488,703	$ 106,156	$ (284,143)	$ 2,310,716	$ 142,849

Compensated absences and net pension liability of governmental activities are generally liquidated by the General Fund. Notes payable, compensated absences and net pension liability of business-type activities are generally liquidated by the Water and Sewer Fund.

Business-type Activities

Notes Payable. The City has notes from direct borrowings to the Georgia Environmental Facilities Authority ("GEFA") for water and sewer improvements. These notes are as follows at June 30, 2022:

NOTE 7. LONG-TERM DEBT (CONTINUED)

Business-type Activities

Notes Payable. The City has notes from direct borrowings to the Georgia Environmental Facilities Authority ("GEFA") for water and sewer improvements. These notes are as follows at June 30, 2022:

Purpose	Original Amount	Interest Rate	Due Date	Balance at June 30, 2022
Water and sewer system	$ 469,036	2.00%	2033	$ 290,414
Water and sewer system	934,469	1.40%	2037	750,396
Water and sewer system	516,964	2.03%	2038	420,123
Water and sewer system	825,117	1.70%	2039	727,587
Water and sewer system	590,000	0.00%	N/A	5,100
Water and sewer system	1,454,000	0.00%	N/A	12,937
				2,206,557
			Less current maturities	126,298
				$ 2,080,259

NOTE 7. LONG-TERM DEBT (CONTINUED)

Business-type Activities (Continued)

The $590,000 and $1,454,000 GEFA loans are in the drawdown phase as of June 30, 2022, and repayment will be determined when construction is complete and all drawdowns have been made. The remaining notes payable debt service requirements to maturity, including interest are as follows:

Fiscal Year Payable	Principal	Interest	Total
2023	$ 126,298	$ 36,224	$ 162,522
2024	128,478	34,045	162,523
2025	130,695	31,828	162,523
2026	132,950	29,572	162,522
2027	135,246	27,276	162,522
2028 – 2032	712,120	100,493	812,613
2033 – 2037	670,248	40,338	710,586
2038 – 2040	152,485	2,377	154,862
	$ 2,188,520	$ 302,153	$ 2,490,673

Upon the occurrence of an event of default, GEFA, at its option, without demand or notice of any kind, may declare the loans immediately due and payable, whereupon all outstanding principal and accrued interest shall become immediately due and payable.

NOTE 8. PENSION PLAN

Plan Description

The City, as authorized by the City Council, has established a non-contributory defined benefit pension plan (the "City of Leesburg Retirement Plan" or the "Plan"), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As of January 1, 2022, the date of the most recent actuarial valuation, there were 47 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	11
Vested terminated employees not yet receiving benefits	10
Active employees	26
Total	47

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan, which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. City contributions to the Plan were $65,812 for the year ended June 30, 2022.

NOTE 8. PENSION PLAN (CONTINUED)

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2021.

Actuarial assumptions. The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25% plus service based merit increases
Investment rate of return	7.375%, net of pension plan investment expense, including inflation

Mortality rates were based on the gender-district Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

Cost of living adjustments were made to be 3.00% although the Retirement Plan allowance for annual cost of living adjustment is variable, as established by the City Commission, in an count not to exceed 4%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021, are summarized in the table below.

NOTE 8. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Actuarial assumptions (Continued).

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	45%	6.55 %
International equity	20%	7.30
Real estate	10%	3.65
Global fixed income	5%	0.50
Domestic fixed income	20%	0.40
Cash	0%	
Total	100%	

* Rates shown are net of the 2.25% assumed rate of inflation

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

NOTE 8. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2022, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning balances	$ 1,947,733	$ 1,463,943	$ 483,790
Changes for the year:			
Service cost	37,096	-	37,096
Interest	143,000	-	143,000
Differences between expected and actual experience	76,776	-	76,776
Contributions - employer	-	89,015	(89,015)
Net investment income	-	356,155	(356,155)
Benefit payments, including refunds of employee contributions	(91,692)	(91,692)	-
Administrative expense	-	(7,052)	7,052
Net changes	165,180	346,426	(181,246)
Ending balances	$ 2,112,913	$ 1,810,369	$ 302,544

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

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

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 579,650	$ 302,544	$ 70,970

NOTE 8. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued). Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2021, and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the City recognized pension expense of $76,979. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 135,504	$ (4,407)
Assumption changes	23,968	-
Net difference between projected and actual earnings on pension plan investments	-	(199,725)
Contributions subsequent to the measurement date	69,678	-
Total	$ 229,150	$ (204,132)

City contributions subsequent to the measurement date of $69,678 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2023	$ 7,547
2024	14,828
2025	(32,680)
2026	(34,355)
	$ (44,660)

NOTE 9. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2022, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	$ 176,488
Sales Tax Fund	Water and Sewer Fund	3,159
General Fund	TSPLOST Fund	7,000
ARPA Fund	General Fund	534,390
Water and Sewer Fund	TSPLOST Fund	100
		$ 721,137

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Water and Sewer	Sales Tax Fund	$ 250,134

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. Advances to/from other funds represent amounts not expected to be repaid within one year from the date of the financial statements. The Water and Sewer Fund owed the Sales Tax Fund $3,159 as of June 30, 2022, due to an invoice being paid out of the Sales Tax Fund in error.

Interfund transfers:

	Transfers Out
Transfers In	Water and Sewer Fund
General Fund	$ 159,618

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the southwest Georgia area, is a member of the Southwest Georgia Regional Commission ("RC") and is required to pay annual dues thereto. During its fiscal year ended June 30, 2022, the City paid $3,828 in such dues. Membership in an RC is required by the O.C.G.A., §50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from: Southern Georgia Regional Commission, 327 W. Savannah St., Valdosta, Georgia 30601.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies

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

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Georgia Interlocal Risk Management Agency ("GIRMA") for property and liability insurance. The Georgia Municipal Association administers the risk pool.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' 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.

NOTE 12. RISK MANAGEMENT (CONTINUED)

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

Settled claims in the past three years have not exceeded the coverages.

NOTE 13. TAX ABATEMENT PROGRAMS

GASB Statement No. 77, *Tax Abatement Disclosures,* requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the County's tax revenues. As of June 30, 2022, the County did not have any such agreements, either entered into by the City or by other governments.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LEESBURG, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2022	2021	2020
Total pension liability			
Service cost	**$ 37,096**	$ 39,783	$ 34,921
Interest on total pension liability	**143,000**	133,620	118,853
Differences between expected and actual experience	**76,776**	38,980	90,741
Changes in assumptions	**-**	-	52,368
Changes of benefit terms	**-**	-	-
Benefit payments, including refunds of employee contributions	**(91,692)**	(73,333)	(75,984)
Net change in total pension liability	**165,180**	139,050	220,899
Total pension liability - beginning	**1,947,733**	1,808,683	1,587,784
Total pension liability - ending (a)	**$ 2,112,913**	$ 1,947,733	$ 1,808,683
Plan fiduciary net position			
Contributions - employer	**$ 89,015**	$ 65,996	$ 77,338
Net investment income	**356,155**	129,539	39,916
Benefit payments, including refunds of employee contributions	**(91,692)**	(73,333)	(75,984)
Administrative expense	**(7,052)**	(6,784)	(6,649)
Net change in plan fiduciary net position	**346,426**	115,418	34,621
Plan fiduciary net position - beginning	**1,463,943**	1,348,525	1,313,904
Plan fiduciary net position - ending (b)	**$ 1,810,369**	$ 1,463,943	$ 1,348,525
City's net pension liability - ending (a) - (b)	**$ 302,544**	$ 483,790	$ 460,158
Plan fiduciary net position as a percentage percentage of the total pension liability	**85.68%**	75.16%	74.56%
Covered payroll	**$ 1,232,591**	$ 1,094,876	$ 1,130,030
City's net pension liability as a percentage of covered payroll	**24.55%**	44.19%	40.72%

Notes to the schedule:
The schedule will present 10 years of information once it is accumulated.

2019	2018	2017	2016	2015
$ 43,386	$ 39,251	$ 36,388	$ 32,263	$ 28,400
110,114	105,028	97,152	85,907	79,636
43,201	(26,444)	31,436	80,911	33,378
-	18,117	-	-	(14,388)
-	-	-	-	-
(67,443)	(65,247)	(61,460)	(46,499)	(45,725)
129,258	70,705	103,516	152,582	81,301
1,458,526	1,387,821	1,284,305	1,131,723	1,050,422
$ 1,587,784	$ 1,458,526	$ 1,387,821	$ 1,284,305	$ 1,131,723
$ 62,630	$ 66,475	$ 43,488	$ 41,042	$ 35,218
119,497	158,218	107,166	11,400	100,019
(67,443)	(65,247)	(61,460)	(46,499)	(45,725)
(7,041)	(7,423)	(3,965)	(4,192)	(3,376)
107,643	152,023	85,229	1,751	86,136
1,206,261	1,054,238	969,009	967,258	881,122
$ 1,313,904	$ 1,206,261	$ 1,054,238	$ 969,009	$ 967,258
$ 273,880	$ 252,265	$ 333,583	$ 315,296	$ 164,465
82.75%	82.70%	75.96%	75.45%	85.47%
$ 969,924	$ 1,031,064	$ 922,309	$ 896,181	$ 831,387
28.24%	24.47%	36.17%	35.18%	19.78%

CITY OF LEESBURG, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2022	2021	2020
Actuarially determined contribution	**$ 94,174**	$ 89,015	$ 52,853
Contributions in relation to the actuarially determined contribution	**65,812**	50,449	52,853
Contribution deficiency (excess)	**$ 28,362**	$ 38,566	$ -
Covered payroll	**$ 1,457,262**	$ 1,349,409	$ 1,305,473
Contributions as a percentage of covered payroll	**4.52%**	3.74%	4.05%

Notes to the Schedule:

Actuarial Cost Method	Projected Unit Credit.
Amortization Method	Closed level dollar for remaining unfunded liability.
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 13 years.
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	N/A
Changes of assumptions:	There were no changes in assumptions in the last two fiscal years.
Benefit changes:	There were no changes in benefit provisions in the last two fiscal years.

The schedule will present ten years of information once it is accumulated.

2019	2018	2017	2016	2015
$ 72,341	$ 67,431	$ 59,541	$ 44,752	$ 39,805
72,341	77,355	60,601	53,872	44,105
$ -	$ (9,924)	$ (1,060)	$ (9,120)	$ (4,300)
$ 1,212,667	$ 1,158,574	$ 1,011,016	$ 1,010,344	$ 967,278
5.97%	6.68%	5.99%	5.33%	4.56%

SUPPLEMENTARY INFORMATION

CITY OF LEESBURG, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX VII PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Cumulative Total
Public Safety Capital Projects and Equipment	$ 153,559	$ 153,559	$ -	$ -	$ -
Public Facilities, Renovations and Construction	1,055,750	1,055,750	508,098	4,786	512,884
Water and Sewer Projects	575,600	600,600	102,604	487,141	589,745
Roads, Streets and Bridges	268,750	243,750	-	31,475	31,475
Stormwater Projects	76,800	76,800	-	48,555	48,555
Total	$ 2,130,459	$ 2,130,459	$ 610,702	$ 571,957	$ 1,182,659

CITY OF LEESBURG, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX VI PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Cumulative Total
Public Safety Capital Projects and Equipment	$ 75,000	$ 75,000	$ 166,909	$ -	$ 166,909
Public Facilities, Renovations and Construction	1,375,000	1,375,000	1,705,488	110	1,705,598
Water and Sewer Projects	750,000	750,000	63,616	-	63,616
Roads, Streets and Bridges	350,000	350,000	306,791	-	306,791
Stormwater Projects	100,000	100,000	60,112	-	60,112
Total	$ 2,650,000	$ 2,650,000	$ 2,302,916	$ 110	$ 2,303,026

CITY OF LEESBURG, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX V PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Wastewater Treatment Plant	$ 5,000,000	$ 5,048,736	$ 5,048,736	$ -	$ 5,048,736

Expenditures per above schedules:	
Sales Tax VII	$ 571,957
Sales Tax VI	110
Sales Tax V	-
	$ 572,067

CITY OF LEESBURG, GEORGIA

SCHEDULE OF EXPENDITURES OF TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Cumulative Total
Roads, Streets and Bridges	$ 1,981,525	$ 1,981,525	$ 452,359	$ 421,348	$ 873,707

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Leesburg, 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 June 29, 2023.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-003.

City of Leesburg, Georgia's Responses 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 accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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, but 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 City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
June 29, 2023

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **City of Leesburg, Georgia** (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2022. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
June 29, 2023

CITY OF LEESBURG, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Housing & Urban Development			
Passed through Georgia Department of Community Affairs			
Community Development Block Grants/Entitlement Grants	14.228	19p-x-088-2-6075	$ 708,033
Total U.S. Department of Housing & Urban Development			708,033
U.S. Department of Homeland Security			
Passed through Georgia Emergency Management and Homeland Security Agency			
Hazard Mitigation Grant Program	97.039	HMGP-4338-0035	266,909
Total U.S. Department of Homeland Security			266,909
U.S. Environmental Protection Agency			
Passed through the Georgia Environmental Finance Authority			
Capitalization Grant for Clean Water State Revolving Funds	66.468	DWDRA-20007	6,000
Capitalization Grant for Clean Water State Revolving Funds	66.468	CWDRA-20005	11,471
Total U.S. Environmental Protection Agency			17,471
U.S. Department of Treasury			
Direct Award:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	36,034
Total U.S. Department of Treasury			36,034
U.S. Department of Transportation			
Passed through the Georgia Department of Transportation			
Highway Planning and Construction Cluster			
Federal Highway Administration - Highway Planning and Construction	20.205	P.I. No. 0015404	52,444
Total U.S. Department of Transportation			52,444
Total Expenditures of Federal Awards			$ 1,080,891

CITY OF LEESBURG, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Leesburg, Georgia (the "City") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2. DE MINIMIS COST RATE

The City elected not to use the 10% de minimis cost rate for the year ended June 30, 2022.

NOTE 3. SUBRECIPIENTS

The City did not pass through any funds to subrecipients for the year ended June 30, 2022.

CITY OF LEESBURG, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? _X_ Yes ____ No

Significant deficiencies identified not considered to be material weaknesses? _X_ Yes ____ None Reported

Noncompliance material to financial statements noted? _X_ Yes ____ No

Federal Awards

Internal Control over major programs:
Material weaknesses identified? ___ Yes _X_ No

Significant deficiencies identified not considered to be material weaknesses? ___ Yes _X_ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?
___ Yes _X_ No

Identification of major program:

AL Number	Name of Federal Program or Cluster
	U.S. Department of Housing and Urban Development
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ____ Yes _X_ No

CITY OF LEESBURG, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2022-001. Segregation of Duties

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

Condition: For the fiscal year ended June 30, 2022, we noted a lack of proper segregation of duties within the City Finance Department.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures, specifically the same person preparing the deposit is also reconciling the completed deposit to the daily receipt report and the employee that is involved in the cash receipt function is also involved in the accounts receivable function.

Cause: See context above.

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

Recommendation: The duties of recording, distribution, and reconciliation of accounts should be segregated between employees.

Views of Responsible Officials and Planned Corrective Action: We concur. We will work with staff to segregate duties and apply compensating controls to the extent possible.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022-002. Recording of Capital Assets in Proprietary Funds

Criteria: U.S. generally accepted accounting principles require the capitalization of an asset purchase/acquisition and the periodic recovery of its cost through the recording of depreciation expense over the estimated useful life of the asset.

Condition: Each year the City records an estimate for depreciation expense, but does not adjust the estimate as part of the year end closing process to agree to the detail capital asset listing. Additionally, in the current year, an adjustment was needed to correct depreciation expense for an asset that erroneously omitted. Also, an adjustment was needed to properly record capital contributions and equipment.

Context: We addressed this matter with City officials who were able to provide us with the information necessary to record the capital contributions and equipment, and to properly adjust depreciation expense to the calculated amount as of June 30, 2022.

Cause: Management oversight.

Effect: An adjustment of $278,592 was recorded in the Water and Sewer Fund to adjust depreciation expense and accumulated depreciation to actual as of June 30, 2022. Additionally, an adjustment of $25,157 was recorded in the Water and Sewer Fund to properly record capital contributions and equipment.

Recommendation: The City should maintain depreciation schedules and record depreciation expense based on calculations on a monthly or quarterly basis. Additional controls should be in place to ensure asset amounts, depreciation, and capital contributions are properly stated prior to the finalization of the year end closeout processes.

Views of Responsible Officials and Planned Corrective Action: We concur. We will record strengthen internal controls to ensure capital asset amounts and related depreciation are properly recorded.

CITY OF LEESBURG, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022-003. Budget – Compliance with State Law

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

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

Context: The City did not adopt an ARPA Fund budget for the fiscal year ended June 30, 2022.

Cause: Management oversight.

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

Recommendation: A budget should be prepared for each governmental type fund. The budget should be amended as often as necessary to provide for source of funds for unbudgeted expenditures.

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

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

CITY OF LEESBURG, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

2021-001. Segregation of Duties

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

Condition: For the fiscal year ended June 30, 2021, we noted a lack of proper segregation of duties within the City Finance Department.

Auditee Response/Status: Unresolved. See current year finding 2022-001.

2021-002. Recording of Capital Assets in Proprietary Funds

Criteria: U. S. generally accepted accounting principles require the capitalization of an asset purchase/acquisition and the periodic recovery of its cost through the recording of depreciation expense over the estimated useful life of the asset.

Condition: Each year the City records an estimate for depreciation expense. However, this amount is having to be adjusted at year end during the audit to the actual calculated depreciation expense.

Auditee Response/Status: Unresolved. See current year finding 2022-002.

City of Leesburg

City Hall, 107 N. Walnut Avenue, Leesburg, GA 31763
229-759-6465

City Council Members
Billy Breeden, Mayor
Judy Powell, Mayor Pro Tem
Richard Bush Rufus Sherman
Jason Renfroe Amanda White
David Daughtry

City Staff
Bob Alexander, City Manager
Bert Gregory, City Attorney

RE: Corrective Action Plan For the Year Ended June 30, 2022

2022 – 001. Segregation of Duties

Name of Contact Person Responsible for Corrective Action Plan: Cheryl Allison, Finance Director

Corrective Action Plan: We concur. We will work with staff to segregate duties and apply controls to the extent possible.

Anticipated Completion Date: Fiscal Year 2023

2022 – 002. Recording of Capital Assets in Proprietary Funds

Name of Contact Person Responsible for Corrective Action Plan: Cheryl Allison, Finance Director

Corrective Action Plan: We concur. We will record capital asset additions and record depreciation expense based on the actual calculations on a regular basis.

Anticipated Completion Date: Fiscal Year 2023

2022 – 003. Budget – Compliance with State Law

Name of Contact Person Responsible for Corrective Action Plan: Cheryl Allison, Finance Director

Corrective Action Plan: We concur. The City will adopt a budget for the ARPA fund to become compliant with state law.

Anticipated Completion Date: Fiscal Year 2023

Respectfully,

Cheryl Allison
Cheryl Allison, Finance Director