CITY OF LEESBURG, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

CITY OF LEESBURG, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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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 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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. 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 41 and 42) and the Schedule of City Contributions (on pages 43 and 44) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 and 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 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 GAAS. In our opinion, the Schedules of Expenditures of Special Purpose Local Option Sales Tax proceeds and the Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated December 28, 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
December 28, 2023

CITY OF LEESBURG, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 4,176,679	$ 1,740,297	$ 5,916,976
Investments	134,031	145,684	279,715
Taxes receivable	37,739	-	37,739
Accounts receivable, net of allowances	82,232	165,720	247,952
Due from other governments	315,314	10,000	325,314
Internal balances	(25,639)	25,639	-
Prepaid expenses	59,457	50,670	110,127
Capital assets:			
Nondepreciable	1,052,092	148,981	1,201,073
Depreciable, net of accumulated depreciation	2,623,427	10,836,241	13,459,668
Total assets	8,455,332	13,123,232	21,578,564
DEFERRED OUTFLOWS OF RESOURCES			
Contributions subsequent to the measurement date	58,383	20,471	78,854
Differences between expected and actual experience	64,418	22,587	87,005
Assumption changes	7,755	2,719	10,474
Net difference between projected and actual earnings on pension plan investments	143,670	50,376	194,046
Total deferred outflows of resources	274,226	96,153	370,379
LIABILITIES			
Accounts payable	324,309	64,664	388,973
Accrued liabilities	6,735	13,187	19,922
Retainage payable	27,472	-	27,472
Unearned revenues - grants	1,104,814	-	1,104,814
Customer deposits payable	-	222,369	222,369
Notes payable due within one year	-	128,478	128,478
Notes payable due in more than one year	-	2,026,654	2,026,654
Compensated absences due within one year	46,405	16,551	62,956
Compensated absences due in more than one year	24,987	7,255	32,242
Net pension liability	492,715	172,764	665,479
Total liabilities	2,027,437	2,651,922	4,679,359
DEFERRED INFLOWS OF RESOURCES			
Differences between expected and actual experience	18,841	6,607	25,448
Total deferred inflows of resources	18,841	6,607	25,448
NET POSITION			
Net investment in capital assets	3,675,519	8,830,090	12,505,609
Restricted for:			
Capital projects	1,016,117	-	1,016,117
Public safety	1,797	-	1,797
Unrestricted	1,989,847	1,730,766	3,720,613
Total net position	$ 6,683,280	$ 10,560,856	$ 17,244,136

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, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 476,527	$ 14,811	$ -	$ -
Judicial	110,322	-	-	-
Public safety	1,466,196	395,497	316,416	-
Public works	1,529,502	614,381	-	1,254,403
Housing and development	8,381	-	-	-
Total governmental activities	3,590,928	1,024,689	316,416	1,254,403
Business-type activities:				
Water and sewer	1,439,363	1,207,604	-	34,544
Total business-type activities	1,439,363	1,207,604	-	34,544
Total primary government	$ 5,030,291	$ 2,232,293	$ 316,416	$ 1,288,947

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
$ (461,716)	$ -	$ (461,716)
(110,322)	-	(110,322)
(754,283)	-	(754,283)
339,282	-	339,282
(8,381)	-	(8,381)
(995,420)	-	(995,420)
-	(197,215)	(197,215)
-	(197,215)	(197,215)
(995,420)	(197,215)	(1,192,635)
363,087	-	363,087
173,267	-	173,267
689,068	-	689,068
63,774	-	63,774
40,506	-	40,506
287,291	-	287,291
15,728	2,232	17,960
165,841	(165,841)	-
1,798,562	(163,609)	1,634,953
803,142	(360,824)	442,318
5,880,138	10,921,680	16,801,818
$ 6,683,280	$ 10,560,856	$ 17,244,136

CITY OF LEESBURG, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Sales Tax Fund	TSPLOST Fund	ARPA Fund	Nonmajor Governmental Funds Confiscated Assets Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 2,696,969	$ 681,679	$ 796,234	$ -	$ 1,797	$ 4,176,679
Investments	134,031	-	-	-	-	134,031
Taxes receivable, net	37,739	-	-	-	-	37,739
Accounts receivable	82,232	-	-	-	-	82,232
Due from other funds	454,554	3,160	-	1,104,814	-	1,562,528
Due from other governments	69,260	184,516	61,538	-	-	315,314
Prepaid expenditures	59,457	-	-	-	-	59,457
Total assets	$ 3,534,242	$ 869,355	$ 857,772	$ 1,104,814	$ 1,797	$ 6,367,980
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 229,913	$ 566	$ 93,830	$ -	$ -	$ 324,309
Retainage payable	-	-	27,472	-	-	27,472
Accrued liabilities	6,735	-	-	-	-	6,735
Unearned revenues - grants	-	-	-	1,104,814	-	1,104,814
Due to other funds	1,104,814	-	316,597	-	-	1,421,411
Advance to other funds	-	166,756	-	-	-	166,756
Total liabilities	1,341,462	167,322	437,899	1,104,814	-	3,051,497
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	37,327	-	-	-	-	37,327
Unavailable revenue - grants	-	84,662	21,127	-	-	105,789
Total deferred inflows of resources	37,327	84,662	21,127	-	-	143,116
FUND BALANCES						
Nonspendable:						
Prepaid expenditures	59,457	-	-	-	-	59,457
Restricted for:						
Capital projects	-	617,371	398,746	-	-	1,016,117
Public safety	-	-	-	-	1,797	1,797
Unassigned	2,095,996	-	-	-	-	2,095,996
Total fund balances	2,155,453	617,371	398,746	-	1,797	3,173,367
Total liabilities, deferred inflows of resources and fund balances	$ 3,534,242	$ 869,355	$ 857,772	$ 1,104,814	$ 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.	3,675,519
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	143,116
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds.	274,226
Certain liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	(71,392)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.	(492,715)
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.	(18,841)
Net position of governmental activities	$ 6,683,280

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, 2023

	General Fund	Sales Tax Fund	TSPLOST Fund	ARPA Fund	Nonmajor Governmental Funds Confiscated Assets Fund	Total Governmental Funds
Revenues						
Property taxes	$ 490,257	$ -	$ -	$ -	$ -	$ 490,257
Franchise fees	173,267	-	-	-	-	173,267
Sales taxes	689,068	-	-	-	-	689,068
Selective sales and use taxes	63,774	-	-	-	-	63,774
Business taxes	40,506	-	-	-	-	40,506
Insurance premium taxes	287,291	-	-	-	-	287,291
Licenses and permits	5,608	-	-	-	-	5,608
Intergovernmental	316,416	523,113	622,694	-	-	1,462,223
Charges for services	616,425	-	-	-	-	616,425
Fines and forfeitures	393,534	-	-	-	-	393,534
Interest revenue	12,311	2,807	3,417	-	-	18,535
Other revenues	9,122	-	-	-	-	9,122
Total revenues	3,097,579	525,920	626,111	-	-	4,249,610
Expenditures						
Current:						
General government	470,068	-	-	-	-	470,068
Judicial	110,322	-	-	-	-	110,322
Public safety	1,404,288	-	-	-	-	1,404,288
Public works	1,092,993	-	-	-	-	1,092,993
Economic development	8,381	-	-	-	-	8,381
Capital outlay	-	281,342	893,241	-	-	1,174,583
Total expenditures	3,086,052	281,342	893,241	-	-	4,260,635
Excess (deficiency) of revenues over (under) expenditures	11,527	244,578	(267,130)	-	-	(11,025)
Other financing sources						
Transfers in	165,841	-	-	-	-	165,841
Total other financing sources	165,841	-	-	-	-	165,841
Net change in fund balances	177,368	244,578	(267,130)	-	-	154,816
Fund balances, beginning of year	1,978,085	372,793	665,876	-	1,797	3,018,551
Fund balances, end of year	$ 2,155,453	$ 617,371	$ 398,746	$ -	$ 1,797	$ 3,173,367

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, 2023

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	$	154,816
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.		707,060
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(21,381)
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.		(37,353)
Net change in net position - governmental activities	$	803,142

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, 2023

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Property taxes	$ 590,817	$ 590,817	$ 490,257	$ (100,560)
Franchise fees	164,931	164,931	173,267	8,336
Sales taxes	550,000	571,758	689,068	117,310
Selective sales and use taxes	59,551	59,551	63,774	4,223
Business taxes	42,399	42,399	40,506	(1,893)
Insurance premium taxes	240,000	240,000	287,291	47,291
Licenses and permits	6,250	6,250	5,608	(642)
Intergovernmental	215,033	318,415	316,416	(1,999)
Charges for services	590,358	590,358	616,425	26,067
Fines and forfeitures	390,000	410,000	393,534	(16,466)
Interest revenue	966	966	12,311	11,345
Other revenues	-	-	9,122	9,122
Total revenues	2,850,305	2,995,445	3,097,579	102,134
Expenditures				
Current				
General government:				
Administration	591,686	591,686	470,068	121,618
Total general government	591,686	591,686	470,068	121,618
Judicial:				
Municipal court	112,960	112,960	110,322	2,638
Total judicial	112,960	112,960	110,322	2,638
Public safety:				
Police	1,355,194	1,487,834	1,404,288	83,546
Total public safety	1,355,194	1,487,834	1,404,288	83,546
Public works:				
Sanitation	490,306	492,806	531,579	(38,773)
Maintenance department	552,378	562,378	561,386	992
Code enforcement	1,735	1,735	28	1,707
Total public works	1,044,419	1,056,919	1,092,993	(36,074)
Economic development:				
Economic development	11,887	11,887	8,381	3,506
Total economic development	11,887	11,887	8,381	3,506
Total expenditures	3,116,146	3,261,286	3,086,052	175,234
Excess (deficiency) of revenues over (under) expenditures	(265,841)	(265,841)	11,527	277,368
Other financing sources				
Transfers in	165,841	165,841	165,841	-
Total other financing sources	165,841	165,841	165,841	-
Net change in fund balances	(100,000)	(100,000)	177,368	277,368
Fund balances, beginning of year	1,978,085	1,978,085	1,978,085	-
Fund balances, end of year	$ 1,878,085	$ 1,878,085	$ 2,155,453	$ 277,368

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, 2023

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
Expenditures				
Current				
General government:				
Other capital	534,389	534,389	-	534,389
Total general government	534,389	534,389	-	534,389
Total expenditures	534,389	534,389	-	534,389
Net change in fund balances	(534,389)	(534,389)	-	534,389
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ (534,389)	$ (534,389)	$ -	$ 534,389

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

CITY OF LEESBURG, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Water and Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 1,740,297
Investments	145,684
Accounts receivable	165,720
Due from other governments	10,000
Due from other funds	100
Advance from other funds	166,756
Prepaid expenses	50,670
Total current assets	2,279,227
NON-CURRENT ASSETS	
Capital assets:	
Nondepreciable	148,981
Depreciable, net of accumulated depreciation	10,836,241
Total non-current assets	10,985,222
Total assets	13,264,449
DEFERRED OUTFLOWS OF RESOURCES	
Contributions subsequent to the measurement date	20,471
Differences between expected and actual experience	22,587
Pension assumption changes	2,719
Net difference between projected and actual earnings on pension plan investments	50,376
Total deferred outflows of resources	96,153
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	64,664
Accrued liabilities	13,187
Due to other funds	141,217
Customer deposits payable	222,369
Compensated absences, current portion	16,551
Notes payable, current portion	128,478
Total current liabilities	586,466
NON-CURRENT LIABILITIES	
Compensated absences, net of current portion	7,255
Notes payable, net of current portion	2,026,654
Net pension liability	172,764
Total long-term liabilities	2,206,673
Total liabilities	2,793,139
DEFERRED INFLOWS OF RESOURCES	
Differences between expected and actual experience	6,607
Total deferred inflows of resources	6,607
NET POSITION	
Net investment in capital assets	8,830,090
Unrestricted	1,730,766
Total net position	$ 10,560,856

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

CITY OF LEESBURG, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Water and Sewer Fund
OPERATING REVENUES	
Charges for services	$ 1,207,573
Other services	31
Total operating revenues	1,207,604
OPERATING EXPENSES	
Personal services	538,200
Costs of operations	265,665
Supplies	210,141
Depreciation	389,496
Total operating expenses	1,403,502
Operating loss	(195,898)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	2,232
Interest expense	(35,861)
Total non-operating expenses, net	(33,629)
Loss before contributions and transfers	(229,527)
CAPITAL CONTRIBUTIONS	
Intergovernmental - capital grants	22,071
Capital contributions	12,473
Total Capital Contributions	34,544
TRANSFERS	
Transfers out	(165,841)
Total Transfers	(165,841)
Change in net position	(360,824)
NET POSITION, beginning of year	10,921,680
NET POSITION, end of year	$ 10,560,856

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, 2023

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 1,279,241
Payments to suppliers	(505,330)
Payments to employees	(528,828)
Net cash provided by operating activities	245,083
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers out	(165,841)
Net cash used in non-capital financing activities	(165,841)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(45,814)
Intergovernmental revenues	22,071
Proceeds from notes payable	74,873
Principal paid on notes payable	(126,298)
Interest paid	(25,775)
Net cash used in capital and related financing activities	(100,943)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(127)
Interest received	2,232
Net cash provided by investing activities	2,105
Change in cash and cash equivalents	(19,596)
Cash and cash equivalents:	
Beginning of year	1,759,893
End of year	$ 1,740,297

(Continued)

CITY OF LEESBURG, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Water and Sewer Fund
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	$ (195,898)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	389,496
Changes in assets and liabilities:	
Decrease in accounts receivable	20,739
Increase in due from other governments	(10,000)
Decrease in advance from other funds	83,378
Increase in prepaid expenses	(7,514)
Increase in deferred outflows of resources related to pension	(36,549)
Decrease in accounts payable	(22,010)
Increase in customer deposits	15,950
Decrease in due to other funds	(38,430)
Decrease in compensated absences	(1,658)
Decrease in deferred inflows of resources related to pension	(46,490)
Increase in net pension liability	94,069
Net cash provided by operating activities	$ 245,083
Noncash capital and related financing activities	
Contributions of capital assets from SPLOST Fund	$ 12,473
Total	$ 12,473

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

NOTES TO 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, 2023.

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 nonmajor 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.

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 four 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 and the net difference between projected and actual earnings on pension plan investments, 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 a 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 one 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. 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)

Fund Balance (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	$	(71,392)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position of governmental activities*	$	(71,392)

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	$	64,418
Assumption changes		7,755
City contributions subsequent to the measurement date		58,383
Net difference between projected and actual earnings on pension plan investments		143,670
Net adjustment to increase fund balance - total governmental funds to arrive at *net position - governmental activities*	$	274,226

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:

Differences between expected and actual experience	$	(18,841)
Net adjustment to reduce fund balance - total governmental funds to arrive at *net position - governmental activities*	$	(18,841)

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	$	852,889
Depreciation expense		(145,829)
Net adjustment to increase *net changes in fund balances - total governmental* funds to arrive at *changes in net position of governmental activities*	$	707,060

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	$	(5,361)
Change in pension and related deferred inflows and outflows of resources		(31,992)
Net adjustment to increase *net changes in fund balances - total governmental* funds to arrive at *changes in net position of governmental activities*	$	(37,353)

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, 2023:

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. At June 30, 2023, total expenditures for the Sanitation department exceeded the amended budget by $38,773. These additional expenditures were funded by higher than anticipated revenues.

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)

Credit risk (Continued). At June 30, 2023, the City had the following investments:

Investments	Maturities	Fair Value
Certificate of deposit	September 19, 2023	$ 134,031
Certificate of deposit	February 20, 2024	145,684
		$ 279,715

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, 2023, 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, 2023, the City had no investments requiring disclosure within the fair value hierarchy.

NOTE 5. RECEIVABLES

Receivables as of June 30, 2023, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water and Sewer	Total
Receivables:			
Taxes	$ 64,400	$ -	$ 64,400
Accounts	125,189	246,918	372,107
Gross receivables	189,589	246,918	436,507
Less: allowance for uncollectibles	69,618	81,198	150,816
Net total receivables	$ 119,971	$ 165,720	$ 285,691

NOTE 5. RECEIVABLES (CONTINUED)

Property taxes. Property taxes were levied by the City on October 4, 2022 (levy date), based upon property values assessed as of January 1. The billings were mailed on October 19, 2022, and payable on or before December 20, 2022. The net receivables collected during the year ended June 30, 2023, and collected by August 31, 2023, are recognized as revenues in the year ended June 30, 2023. Net receivables estimated to be collected subsequent to August 31, 2023 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, 2023 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	448,933	613,327	-	(116,008)	946,252
Total capital assets, not being depreciated	554,773	613,327	-	(116,008)	1,052,092
Capital assets, being depreciated:					
Buildings and improvements	2,512,688	27,729	-	-	2,540,417
Equipment and vehicles	1,051,114	211,833	-	-	1,262,947
Infrastructure	549,724	-	-	116,008	665,732
Total capital assets, being depreciated	4,113,526	239,562	-	116,008	4,469,096
Accumulated depreciation for:					
Buildings and improvements	(566,962)	(43,989)	-	-	(610,951)
Equipment and vehicles	(940,689)	(84,230)	-	-	(1,024,919)
Infrastructure	(192,189)	(17,610)	-	-	(209,799)
Total accumulated depreciation	(1,699,840)	(145,829)	-	-	(1,845,669)
Total capital assets, being depreciated, net	2,413,686	93,733	-	116,008	2,623,427
Governmental activities capital assets, net	$ 2,968,459	$ 707,060	$ -	$ -	$ 3,675,519

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	98,165	37,889	-	-	136,054
Total capital assets, not being depreciated	111,092	37,889	-	-	148,981
Capital assets, being depreciated:					
Land improvements	619,003	-	-	-	619,003
Equipment and vehicles	951,654	7,925	-	-	959,579
Plant	6,297,959	-	-	-	6,297,959
Water and sewer system	9,324,261	12,473	-	-	9,336,734
Total capital assets, being depreciated	17,192,877	20,398	-	-	17,213,275
Accumulated depreciation for:					
Land improvements	(548,144)	(9,328)	-	-	(557,472)
Equipment and vehicles	(454,139)	(17,636)	-	-	(471,775)
Plant	(1,369,937)	(127,679)	-	-	(1,497,616)
Water and sewer system	(3,615,318)	(234,853)	-	-	(3,850,171)
Total accumulated depreciation	(5,987,538)	(389,496)	-	-	(6,377,034)
Total capital assets, being depreciated, net	11,205,339	(369,098)	-	-	10,836,241
Business-type activities capital assets, net	$ 11,316,431	$ (331,209)	$ -	$ -	$ 10,985,222

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

Governmental activities:	
General government	$ 34,271
Public safety	58,592
Public works	52,966
Total depreciation expense - governmental activities	$ 145,829
Business - type activities:	
Water and sewer	$ 389,496
Total depreciation expense - business - type activities	$ 389,496

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Governmental activities:					
Compensated absences	$ 66,031	$ 142,187	$ (136,826)	$ 71,392	$ 46,405
Net pension liability	223,849	370,720	(101,854)	492,715	-
Governmental activity long-term liabilities	$ 289,880	$ 512,907	$ (238,680)	$ 564,107	$ 46,405
Business-type activities:					
Notes payable	$ 2,206,557	$ 74,873	$ (126,298)	$ 2,155,132	$ 128,478
Compensated absences	25,464	128,122	(129,780)	23,806	16,551
Net pension liability	78,695	129,988	(35,919)	172,764	-
Business-type activity long-term liabilities	$ 2,310,716	$ 332,983	$ (291,997)	$ 2,351,702	$ 145,029

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, 2023:

Purpose	Original Amount	Interest Rate	Due Date	Balance at June 30, 2023
Water and sewer system	$ 469,036	2.00%	2033	$ 267,540
Water and sewer system	934,469	1.40%	2037	706,738
Water and sewer system	516,964	2.03%	2038	396,967
Water and sewer system	825,117	1.70%	2039	690,977
Water and sewer system	590,000	0.00%	N/A	12,750
Water and sewer system	1,454,000	0.00%	N/A	80,160
				2,155,132
			Less current maturities	128,478
				$ 2,026,654

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, 2023, 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
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	137,583	24,940	162,523
2029 – 2033	724,438	88,176	812,614
2034 – 2038	612,651	29,408	642,059
2039 and 2040	60,181	684	60,865
	$ 2,062,222	$ 265,929	$ 2,328,151

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 (“GMA”) 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.

NOTE 8. PENSION PLAN (CONTINUED)

Plan Description (Continued)

As of January 1, 2023, the date of the most recent actuarial valuation, there were 45 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	10
Vested terminated employees not yet receiving benefits	9
Active employees	26
Total	45

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 $69,678 for the year ended June 30, 2023.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2022.

Actuarial assumptions. The total pension liability in the January 1, 2023 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-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

NOTE 8. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Actuarial assumptions (Continued). Cost of living adjustments were assumed 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 amount 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, 2022 are summarized in the table below.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	45%	6.40 %
International equity	20%	6.80
Real estate	10%	3.90
Global fixed income	5%	0.46
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, 2023 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning balances	$ 2,112,913	$ 1,810,369	$ 302,544
Changes for the year:			
Service cost	42,278	-	42,278
Interest	154,903	-	154,903
Differences between expected and actual experience	(31,809)	-	(31,809)
Contributions - employer	-	105,964	(105,964)
Net investment income	-	(296,543)	296,543
Benefit payments, including refunds of employee contributions	(109,629)	(109,629)	-
Administrative expense	-	(6,984)	6,984
Net changes	55,743	(307,192)	362,935
Ending balances	$ 2,168,656	$ 1,503,177	$ 665,479

The required Schedule of Changes in the City's Net Pension Liability and Related Ratios immediately following the notes to the financial statements presents multi-year 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	$ 954,933	$ 665,479	$ 423,136

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, 2022, 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, 2023, the City recognized pension expense of $158,162. At June 30, 2023, 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	$ 87,005	$ (25,448)
Assumption changes	10,474	-
Net difference between projected and actual earnings on pension plan investments	194,046	-
Contributions subsequent to the measurement date	78,854	-
Total	$ 370,379	$ (25,448)

City contributions subsequent to the measurement date of $78,854 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2024	$ 94,399
2025	46,891
2026	45,216
2027	79,571
	$ 266,077

NOTE 9. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	$ 138,057
Sales Tax Fund	Water and Sewer Fund	3,160
General Fund	TSPLOST Fund	316,497
ARPA Fund	General Fund	1,104,814
Water and Sewer Fund	TSPLOST Fund	100
		$ 1,562,628

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Water and Sewer	Sales Tax Fund	$ 166,756

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 $3,160 as of June 30, 2023, due to an invoice being paid out of the Sales Tax Fund in error in the prior year.

Interfund transfers:

	Transfers Out
Transfers In	Water and Sewer Fund
General Fund	$ 165,841

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, 2023, 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, 2023, 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, 2023

	2023	2022	2021
Total pension liability			
Service cost	**$ 42,278**	$ 37,096	$ 39,783
Interest on total pension liability	**154,903**	143,000	133,620
Differences between expected and actual experience	**(31,809)**	76,776	38,980
Changes in assumptions	**-**	-	-
Changes of benefit terms	**-**	-	-
Benefit payments, including refunds of employee contributions	**(109,629)**	(91,692)	(73,333)
Net change in total pension liability	**55,743**	165,180	139,050
Total pension liability - beginning	**2,112,913**	1,947,733	1,808,683
Total pension liability - ending (a)	**$ 2,168,656**	$ 2,112,913	$ 1,947,733
Plan fiduciary net position			
Contributions - employer	**$ 105,964**	$ 89,015	$ 65,996
Net investment income	**(296,543)**	356,155	129,539
Benefit payments, including refunds of employee contributions	**(109,629)**	(91,692)	(73,333)
Administrative expense	**(6,984)**	(7,052)	(6,784)
Net change in plan fiduciary net position	**(307,192)**	346,426	115,418
Plan fiduciary net position - beginning	**1,810,369**	1,463,943	1,348,525
Plan fiduciary net position - ending (b)	**$ 1,503,177**	$ 1,810,369	$ 1,463,943
City's net pension liability - ending (a) - (b)	**$ 665,479**	$ 302,544	$ 483,790
Plan fiduciary net position as a percentage percentage of the total pension liability	**69.31%**	85.68%	75.16%
Covered payroll	**$ 1,344,497**	$ 1,232,591	$ 1,094,876
City's net pension liability as a percentage of covered payroll	**49.50%**	24.55%	44.19%

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

2020	2019	2018	2017	2016	2015
$ 34,921	$ 43,386	$ 39,251	$ 36,388	$ 32,263	$ 28,400
118,853	110,114	105,028	97,152	85,907	79,636
90,741	43,201	(26,444)	31,436	80,911	33,378
52,368	-	18,117	-	-	(14,388)
-	-	-	-	-	-
(75,984)	(67,443)	(65,247)	(61,460)	(46,499)	(45,725)
220,899	129,258	70,705	103,516	152,582	81,301
1,587,784	1,458,526	1,387,821	1,284,305	1,131,723	1,050,422
$ 1,808,683	$ 1,587,784	$ 1,458,526	$ 1,387,821	$ 1,284,305	$ 1,131,723
$ 77,338	$ 62,630	$ 66,475	$ 43,488	$ 41,042	$ 35,218
39,916	119,497	158,218	107,166	11,400	100,019
(75,984)	(67,443)	(65,247)	(61,460)	(46,499)	(45,725)
(6,649)	(7,041)	(7,423)	(3,965)	(4,192)	(3,376)
34,621	107,643	152,023	85,229	1,751	86,136
1,313,904	1,206,261	1,054,238	969,009	967,258	881,122
$ 1,348,525	$ 1,313,904	$ 1,206,261	$ 1,054,238	$ 969,009	$ 967,258
$ 460,158	$ 273,880	$ 252,265	$ 333,583	$ 315,296	$ 164,465
74.56%	82.75%	82.70%	75.96%	75.45%	85.47%
$ 1,130,030	$ 969,924	$ 1,031,064	$ 922,309	$ 896,181	$ 831,387
40.72%	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, 2023

	2023	2022	2021
Actuarially determined contribution	**$ 106,503**	$ 94,174	$ 89,015
Contributions in relation to the actuarially determined contribution	**69,678**	65,812	50,449
Contribution deficiency (excess)	**$ 36,825**	$ 28,362	$ 38,566
Covered payroll	**$ 1,605,410**	$ 1,457,262	$ 1,349,409
Contributions as a percentage of covered payroll	**4.34%**	4.52%	3.74%

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 12 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, 2023

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Cumulative Total
Public Safety Capital Projects and Equipment	$ 153,559	$ 238,559	$ -	$ 157,241	$ 157,241
Public Facilities, Renovations and Construction	1,055,750	870,750	512,884	87,109	599,993
Water and Sewer Projects	575,600	700,600	589,745	35,952	625,697
Roads, Streets and Bridges	268,750	243,750	31,475	-	31,475
Stormwater Projects	76,800	76,800	48,555	1,000	49,555
Total	$ 2,130,459	$ 2,130,459	$ 1,182,659	$ 281,302	$ 1,463,961

CITY OF LEESBURG, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX VI PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Cumulative Total
Public Safety Capital Projects and Equipment	$ 75,000	$ 167,909	$ 166,909	$ -	$ 166,909
Public Facilities, Renovations and Construction	1,375,000	1,705,798	1,705,598	40	1,705,638
Water and Sewer Projects	750,000	326,293	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	$ 2,303,026	$ 40	$ 2,303,066

CITY OF LEESBURG, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX V PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Expenditures per above schedules:	
Sales Tax VII	$ 281,302
Sales Tax VI	40
Sales Tax V	-
	$ 281,342

CITY OF LEESBURG, GEORGIA

SCHEDULE OF EXPENDITURES OF TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Cumulative Total
Roads, Streets and Bridges	$ 1,981,525	$ 1,981,525	$ 873,707	$ 720,349	$ 1,594,056

Expenditures per above schedule:	720,349
Non-TSPLOST expenditures:	172,892
Total expenditures, TSPLOST Fund	893,241

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 28, 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 Responses, 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 Responses as item 2023-002 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 Responses as items 2023-001 and 2023-003 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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 Responses. 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 communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
December 28, 2023

CITY OF LEESBURG, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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?	____ Yes _X_ No

Federal Awards

There was not an audit of major federal programs as of June 30, 2023 due to the total amount expended being less than $750,000.

CITY OF LEESBURG, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2023-001. 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, 2023, 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)

2023-002. 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 detailed capital asset listing. 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, 2023.

Cause: Management oversight.

Effect: An adjustment of $189,495 was recorded in the Water and Sewer Fund to adjust depreciation expense and accumulated depreciation to actual as of June 30, 2023. Additionally, an adjustment of $12,423 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 strengthen internal controls to ensure capital asset amounts and related depreciation are properly recorded.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2023-003. Accounting and Reporting of Expenses and Accounts Payable

Criteria: Generally accepted accounting principles require timely reporting of all current liabilities when goods have been received or services have been performed, regardless of the timing of related cash flows.

Condition: During the fiscal year 2023, the City did not properly adjust the General Fund accrued accounts payable as of June 30, 2023.

Context: Management oversight.

Cause: Internal controls over cut-off of accounts payable were not in place to ensure all expenditures were reported in proper period.

Effects: An adjustment of $39,172 was recorded in the General Fund to adjust accounts payable and related expenditures to actual as of June 30, 2023.

Recommendation: We recommend that the City reconcile all accounts payable in a timely manner to ensure all transactions are being properly recognized during the correct period.

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

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF LEESBURG, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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.

Auditee Response/Status: Unresolved. See current year finding 2023-001.

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. 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 2023-002.

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.

Auditee Response/Status: Resolved.