ANNUAL FINANCIAL REPORT

CITY OF LENOX, GEORGIA

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2023

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City of Lenox
Lenox, Georgia

December 31, 2023

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SYLVESTER, GEORGIA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
Lenox, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Lenox, Georgia, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Lenox, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Lenox, Georgia, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the Unites States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental 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 of our report. We are required to be independent of the City of Lenox, Georgia, 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lenox, Georgia'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.

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

In performing an audit in accordance with generally accepted accounting standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Lenox, Georgia'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 of Lenox, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 of Lenox, Georgia's basic financial statements. The schedule of projects constructed with special purpose local option sales tax proceeds, the community development block grant budget to actual funds schedule, the community development block grant source and application of funds, and the schedule of projects constructed with transportation special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of projects constructed with special purpose local option sales tax proceeds, the schedule of projects constructed with transportation special purpose local option sales tax proceeds, the community development block grant budget to actual funds schedule, and the community development block grant source and application of funds schedule 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 September 19, 2024, on our consideration of the City of Lenox, Georgia'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 of Lenox, Georgia'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 of Lenox, Georgia's internal control over financial reporting and compliance.

Herring CPA Group, P. C.
Tifton, Georgia
September 19, 2024

STATEMENT OF NET POSITION

Government-Wide
Lenox, Georgia

December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash on Hand and in Banks	$ 781,592	$ 67,852	$ 849,444
Restricted Cash	0	10,346	10,346
Receivables - Net	92,250	38,127	130,377
Internal Balances	50,517	(50,517)	0
Prepaid Expenses	17,426	10,952	28,378
Total Current Assets	941,785	76,760	1,018,545
Non-Current Assets:			
Capital Assets Nondepreciable	587,365	51,400	638,765
Capital Assets Depreciable - Net	3,603,175	4,098,820	7,701,995
Right-of-Use Assets - Net	261,405	0	261,405
Total Non-Current Assets	4,451,945	4,150,220	8,602,165
Total Assets	5,393,730	4,226,980	9,620,710
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	61,684	10,677	72,361

The accompanying notes are an integral part of these statements.

STATEMENT OF NET POSITION

Government-Wide
Lenox, Georgia

December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	198,502	25,170	223,672
Accrued Expenses	22,749	1,006	23,755
Payable from Restricted Assets:			
Accrued Interest on Bonds	0	2,506	2,506
Revenue Bonds Payable	0	23,274	23,274
Lease Payable	33,992	0	33,992
Customer Deposits	0	77,511	77,511
Unearned Revenues	152,539	0	152,539
Total Current Liabilities	407,782	129,467	537,249
Long-Term Liabilities:			
Lease Payable (Net of Current Portion)	197,363	0	197,363
Revenue Bonds Payable (Net of Current Portion)	0	758,363	758,363
Net Pension Liability	294,524	45,230	339,754
Total Long-Term Liabilities	491,887	803,593	1,295,480
Total Liabilities	899,669	933,060	1,832,729

(Continued on next page)

The accompanying notes are an integral part of these statements.

STATEMENT OF NET POSITION

Government-Wide
Lenox, Georgia

December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	$ 45,133	$ 7,020	$ 52,153
NET POSITION			
Net Investment in Capital Assets	4,220,590	3,368,583	7,589,173
Restricted For:			
Capital Projects	271,869	0	271,869
Drug Intervention	10,755	0	10,755
Unrestricted	7,398	(71,006)	(63,608)
TOTAL NET POSITION	$ 4,510,612	$ 3,297,577	$ 7,808,189

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

Government-Wide
Lenox, Georgia

Functions/Programs	Expenses	Program Revenues: Charges for Services and Fines	Program Revenues: Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General Government	$ 331,090	$ 40,888	$ 0
Public Safety	1,172,923	1,473,960	0
Public Works	343,883	57,953	0
Recreation	9,281	0	0
Interest on Long-Term Debt	6,633	0	0
Total Governmental Activities	1,863,810	1,572,801	0
Business-Type Activities:			
Water and Sewer	564,087	414,808	0
Total Primary Government	$ 2,427,897	$ 1,987,609	$ 0
General Revenues:			
Sales Taxes			
Title Advalorem Tax			
Insurance Premium Tax			
Business Taxes			
Franchise Fees			
Gain on Sale of Capital Assets			
Miscellaneous Revenue			
Transfers-Internal Activities			
Total General Revenues and Transfers			
Change in Net Position			
Net Position - January 1, 2023			
NET POSITION - DECEMBER 31, 2023			

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

Year Ended
December 31, 2023

Program Revenues		Net (Expenses) Revenues and Changes in Net Position Primary Government		
Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
$ 0	$ 40,888	$ (290,202)	$ 0	$ (290,202)
0	1,473,960	301,037	0	301,037
455,476	513,429	169,546	0	169,546
0	0	(9,281)	0	(9,281)
0	0	(6,633)	0	(6,633)
455,476	2,028,277	164,467	0	164,467
0	414,808	0	(149,279)	(149,279)
$ 455,476	$2,443,085	164,467	(149,279)	15,188
		43,517	0	43,517
		18,102	0	18,102
		66,881	0	66,881
		18,063	0	18,063
		56,838	0	56,838
		34,089	0	34,089
		28,885	215	29,100
		(90,162)	90,162	0
		176,213	90,377	266,590
		340,680	(58,902)	281,778
		4,169,932	3,356,479	7,526,411
		$ 4,510,612	$ 3,297,577	$ 7,808,189

The accompanying notes are an integral part of these statements.

COMBINING BALANCE SHEET

Governmental Funds
Lenox, Georgia

December 31, 2023

	General Fund	Special Purpose Local Option Sales Tax Fund	Transportation SPLOST Fund	ARPA Fund	CDBG Fund	Total
ASSETS						
Cash	$535,759	$129,746	$115,992	$ 0	$ 95	$ 781,592
Accounts Receivable - Net	72,974	12,625	6,651	0	0	92,250
Prepaid Expense	17,426	0	0	0	0	17,426
Due from Other Funds	50,517	0	0	152,539	0	203,056
TOTAL ASSETS	$676,676	$142,371	$122,643	$152,539	$ 95	$1,094,324
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities:						
Accounts Payable	$198,502	$ 0	$ 0	$ 0	$ 0	$ 198,502
Accrued Expenses	22,493	0	0	0	0	22,493
Due to Other Funds	152,539	0	0	0	0	152,539
Unearned Revenues	0	0	0	152,539	0	152,539
Total Liabilities	373,534	0	0	152,539	0	526,073
Deferred Inflows of Resources	16,717	0	0	0	0	16,717
Fund Balance:						
Nonspendable:						
Prepaid Items	17,426	0	0	0	0	17,426

The accompanying notes are an integral part of these statements.

COMBINING BALANCE SHEET

Governmental Funds
Lenox, Georgia

December 31, 2023

	General Fund	Special Purpose Local Option Sales Tax Fund	Transportation SPLOST Fund	ARPA Fund	CDBG Fund	Total
Restricted:						
Capital Projects	6,760	142,371	122,643	0	95	271,869
Drug Intervention	10,775	0	0	0	0	10,775
Unassigned:						
General Fund	251,464	0	0	0	0	251,464
Total Fund Balance	286,425	142,371	122,643	0	95	551,534
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$676,676	$142,371	$122,643	$152,539	$ 95	$1,094,324

The accompanying notes are an integral part of these statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET

TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

City of Lenox
Lenox, Georgia

December 31, 2023

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 551,534
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	4,451,945
Deferred inflows of resources for delinquent property taxes are deferred in the governmental funds because they will not be received within sixty days of the consolidated government's year end.	16,717
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(231,355)
Accrued interest payable on long-term liabilities is included in the government-wide statement of net position, but is excluded from the governmental funds balance sheet until due and payable.	(256)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds, as follows:	
Deferred outflows of resources	61,684
Deferred inflows of resources	(45,133)
Long-term pension liability is not due and payable in the current period; therefore, is not reported in the governmental funds balance sheet.	(294,524)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$4,510,612

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

Governmental Funds
Lenox, Georgia

Year Ended
December 31, 2023

	General Fund	Special Purpose Local Option Sales Tax Fund	Transportation SPLOST Fund	ARPA Fund	CDBG Fund	Total
Revenues:						
Taxes	$ 146,563	$ 0	$ 0	$ 0	$ 0	$ 146,563
Licenses and Permits	9,363	0	0	0	0	9,363
Franchise Fees	56,838	0	0	0	0	56,838
Charges for Services	89,478	0	0	0	0	89,478
Fines and Forfeitures	1,473,960	0	0	0	0	1,473,960
Intergovernmental	19,965	65,191	256,908	90,162	23,250	455,476
Miscellaneous	62,750	124	0	0	100	62,974
Total Revenues	1,858,917	65,315	256,908	90,162	23,350	2,294,652
Expenditures:						
Current:						
General Government	264,916	0	0	0	0	264,916
Public Safety	1,008,310	0	0	0	0	1,008,310
Public Works	251,982	4,292	13	0	23,255	279,542
Culture and Recreation	7,953	0	0	0	0	7,953
Capital Outlay	269,015	0	230,658	0	0	499,673
Debt Service:						
Principal	33,100	0	0	0	0	33,100
Interest	6,633	0	0	0	0	6,633
Total Expenditures	1,841,909	4,292	230,671	0	23,255	2,100,127
Excess of Revenues Over (Under) Expenditures	17,008	61,023	26,237	90,162	95	194,525

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

Governmental Funds
Lenox, Georgia

Year Ended
December 31, 2023

	General Fund	Special Purpose Local Option Sales Tax Fund	Transportation SPLOST Fund	ARPA Fund	CDBG Fund	Total
Other Financing Sources (Uses):						
Transfers Out	$ 0	$ 0	$ 0	$ (90,162)	$ 0	$ (90,162)
Net Change in Fund Balance	17,008	61,023	26,237	0	95	104,363
Fund Balance - January 1, 2023	269,417	81,348	96,406	0	0	447,171
FUND BALANCE - DECEMBER 31, 2023	$ 286,425	$ 142,371	$ 122,643	$ 0	$ 95	$ 551,534

The accompanying notes are an integral part of these statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

City of Lenox
Lenox, Georgia

	Year Ended December 31, 2023
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 104,363
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	499,673
Depreciation expense on capital assets is reported in the government wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, this amount of depreciation expense is not reported as an expenditure in the governmental funds.	(297,449)
Accrued interest on long-term liabilities is recorded in the statement of activities whereas in the governemental funds it is recorded as an expenditure when paid.	37
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. This amount reflects principal payments made on long-term debt.	33,100
Because some property taxes will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues, and are deferred in the governmental funds. Deferred tax revenues decreased by this amount this year.	0
Changes in the City's net pension asset, deferred outflows of resources, and deferred inflows of resources and net pension liability related to the City Pension Plan for the current year are not reported in the governmental funds but are reported in the government-wide statement of activities and changes in net position.	956
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 340,680

The accompanying notes are an integral part of these statements.

STATEMENT OF NET POSITION

Proprietary Fund
Lenox, Georgia

December 31, 2023

		Water and Sewer Fund
ASSETS		
Current Assets:		
Cash		$ 67,852
Accounts Receivable - Net		38,127
Prepaid Expenses		10,952
Restricted Assets:		
Cash		10,346
Total Current Assets		127,277
Non-Current Assets:		
Capital Assets Nondepreciable		51,400
Capital Assets Depreciable - Net		4,098,820
Total Non-Current Assets		4,150,220
Total Assets		4,277,497
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions		10,677
LIABILITIES		
Current Liabilities:		
Payable from Current Assets:		
Accounts Payable	$ 25,170	
Accrued Expenses	1,006	
Due to Other Funds	50,517	
Customer Deposits	77,511	154,204
Payable from Restricted Assets:		
Accrued Interest	2,506	
Revenue Bonds Payable	23,274	25,780
Total Current Liabilities		179,984

(Continued on next page)

The accompanying notes are an integral part of these statements.

STATEMENT OF NET POSITION

Proprietary Fund
Lenox, Georgia

December 31, 2023

	Water and Sewer Fund
Long-Term Liabilities:	
Revenue Bonds Payable (Net of Current Portion)	$ 758,363
Net Pension Liability	45,230
Total Long-Term Liabilities	803,593
Total Liabilities	983,577
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	7,020
NET POSITION	
Net Position:	
Net Investment in Capital Assets	3,368,583
Restricted for Debt Service	0
Unrestricted	(71,006)
TOTAL NET POSITION	$ 3,297,577

The accompanying notes are an integral part of these statements.

STATEMENT OF REVENUES, EXPENSES,

AND CHANGES IN NET POSITION

Proprietary Fund
Lenox, Georgia

Year Ended
December 31, 2023

	Water and Sewer Fund
Operating Revenues:	
Water and Sewer Sales	$ 397,897
Penalties and Fees	13,933
Other	2,978
Total Operating Revenues	414,808
Operating Expenses:	
Personnel Services	130,447
Depreciation	158,154
Utilities	60,506
Repairs and Maintenance	81,750
Insurance	25,281
Supplies	36,768
Professional Fees	17,498
Gas and Oil	2,147
Office Expense	11,776
Postage	4,113
Total Operating Expenses	528,440
Operating Loss	(113,632)
Non-Operating Revenues (Expenses):	
Interest Income	215
Interest Expense	(35,647)
Net Non-Operating Revenues (Expenses)	(35,432)
Loss Before Transfers	(149,064)
Transfers In	90,162
Change in Net Position	(58,902)
Net Position - January 1, 2023	3,356,479
NET POSITION - DECEMBER 31, 2023	$3,297,577

The accompanying notes are an integral part of these statements.

STATEMENT OF CASH FLOWS

Proprietary Fund
Lenox, Georgia

Year Ended
December 31, 2023

	Water and Sewer Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 417,294
Cash Payments for Personnel Services	(130,212)
Cash Payments to Other Suppliers of Goods and Services	(231,893)
Cash Received from Other Funds, Net	2,453
Net Cash Provided by Operating Activities	57,642
Cash Flows from Noncapital Financing Activities	0
Cash Flows from Capital and Related Financing Activities:	
Purchase of Cpaital Assets	(79,887)
Principal Paid on Revenue Bonds	(22,254)
Interest Paid on Revenue Bonds	(35,718)
Transfers from Other Funds	90,162
Net Cash Used by Capital and Related Financing Activities	(47,697)
Cash Flows from Investing Activities:	
Interest Received	215
Net Increase in Cash	10,160
Cash and Restricted Cash - January 1, 2023	68,038
CASH AND RESTRICTED CASH - DECEMBER 31, 2023	$ 78,198
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Loss	$(113,632)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	158,154
Changes in Assets and Liabilities:	
Operating Receivables, Net	(2,812)
Prepaid Expense	763
Interfund Receivable/Payable	2,453
Accounts Payable	7,596
Accrued Operating Expenses	235
Customer Deposits	5,298
Deferred Outflows/Inflows	15,066
Net Pension Liability	(15,479)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 57,642

The accompanying notes are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lenox, Georgia, was incorporated December 12, 1901. The City operates under a Mayor-Council form of government and provides the following services to its citizens: streets, sanitation, public improvements, water, sewer, police, fire, and general administrative services.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB, in which case, GASB prevails. Listed below is a summary of the more significant policies:

A. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board.

There are no organizations that are potential component units of the City of Lenox, Georgia.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATMENTS

The government-wide financial statements, which are the statement of net position and the statement of activities and changes in net position, report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the governmental and business-type activities of the City. The statement of activities and changes in net position demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. 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 enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The City's government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues are reported in three categories: (1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, (2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and (3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made in regard to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, transactions between governmental and business-type activities have not been eliminated. 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.

Governmental Fund Financial Statements
Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and non-major funds aggregated. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, franchise fees, interest revenue, and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. A 60 day availability period is also used for revenue recognition for all governmental fund revenues.

The City reports the general fund, the special purpose local option sales tax fund, the transportation SPLOST fund, the ARPA fund and the CDBG fund as its major governmental funds.

The general fund is the principal fund of the City and is used to account for all activities of the City not otherwise accounted for by a specified fund.

The special purpose local option sales tax fund is used to account for projects supported by the special purpose local option sales tax. These projects consist of construction of water and sewer system improvements and street improvements. This fund is a capital projects type fund.

The transportation SPLOST fund is used to account for projects funded with transportation special purpose local option sales tax proceeds. This fund is a capital projects type fund.

The ARPA fund accounts for the local fiscal recovery funds provided by the American Rescue Plan Act of 2022. This fund is a special revenue fund.

The CDBG fund accounts for the community development block grant funds. This fund is a capital projects fund.

Proprietary Fund Financial Statements
Proprietary fund financial statements include a statement of net position, statement of revenues, expenses, and changes in net position, and a statement of cash flows. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

The City's proprietary fund is classified as an enterprise fund and is considered a major fund. The water and sewer fund is used to account for the City's water services and its collection and treatment of waste water.

D. BUDGETS AND BUDGETARY ACCOUNTING

The City's established budgetary process is as follows:

a. Each year the city clerk prepares and compiles a tentative worksheet with estimated expenditures for the next calendar year of all funds of the City based on the prior year's expenditures.

b. After review and revisions in December by the mayor and council the proposed budgets are compiled.

c. The budgets are usually formally adopted in December and notice of the budget's availability for inspection is published.

d. During the year, as the need arises, the mayor and council make any necessary budget amendments.

e. Formal budgetary integration is the management tool used as a control device during the year for the general and proprietary funds.

The budgets for the capital projects funds are adopted on a project basis with the term of the project being longer than the City's fiscal year.

The City's budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end. The City's legal level of budgetary control is at the departmental level.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting involves the reserving of applicable appropriations for purchase orders, contracts, and other commitments for the expenditure of resources. Encumbrance accounting is not used by the City of Lenox.

E. INVENTORIES

The inventory of the water and sewer fund is recorded at cost using the first in first out method. At December 31, 2023, there was no material inventory on hand.

F. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items at both reporting levels.

G. CAPITAL ASSETS

Capital assets, which include property, plant, buildings, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's policy has set the capitalization threshold for reporting capital assets at $5,000 for machinery and equipment; $25,000 for buildings, land, and infrastructure assets. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The City's infrastructure assets for its governmental activities consist of roads, bridges, sidewalks, and drainage systems and only include those items acquired after January 1, 2004.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Distribution Systems	25-50 years
Buildings and Improvements	15-50 years
Machinery and Equipment	5-15 years
Infrastructure Assets	30-50 years

H. COMPENSATED ABSENCES

Employees of the City are not allowed to carry over vacation leave from one year to the next. Sick leave is allowed to accumulate to sixty days. Unused vacation leave nor sick leave are compensated upon employment termination. Therefore, no liability is reflected in the financial statements.

I. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund type 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.

J. DEFERRED OUTFLOWS /INFLOWS OF RESOURCES

As defined by GASB Concept Statement No. 4, "Elements of Financial Statements", deferred outflows/inflows of resources are the consumption/acquisition of net assets/position by the government that are applicable to a future reporting period.

In addition to assets, the statement of net position and the balance sheet 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 position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred pension charges in its statement of net position in connection with the City Pension Plan and their participation in the State Retirement Plan. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the statement of net position and the balance sheet 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 position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of deferred inflows of resources: (1) The City reports unavailable revenue for property taxes only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The City also reports deferred pension credits in its statement of net position in connection with the City Pension Plan and their participation in the State Retirement Plan. These deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

K. CASH AND CASH EQUIVALENTS

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term certificates of deposit with a maturity date of three months or less.

L. CAPITALIZED INTEREST

The City capitalizes net interest cost and interest earned as part of the cost of constructing various projects when material.

M. PROPERTY TAX

Property taxes attach as an enforceable lien to all taxable real, public utilities, and personal property located in the City on January 1. For the calendar year 2023, the City did not levy any property taxes. Receivables for prior year tax levies that are determinable in amount and collectability have been recognized at December 31, 2023, in the general fund.

N. ESTIMATES

The preparation of the financial statements in conformity with generally accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. 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 current assets and current liabilities. In the fund financial statements, governmental funds report fund 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 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 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 are subject to limitations the government imposes upon itself by formal action of the City's governing body (City Council). Removal of such limitations requires subsequent action by city council.

Assigned - Fund balances are reported as assigned for a specific purpose when amounts are constrained by action of the City Council and can be expended through appropriation in the City's budget, but are neither restricted nor committed.

Unassigned - Fund balances are reported as unassigned as the residual amounts which cannot be properly classified in one of the other four categories.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as 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. Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, plus any outstanding balances of borrowings not yet expended, but restricted for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its 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. All other net positions are reported as unrestricted.

P. 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 Lenox Retirement 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 payable in accordance with benefit terms. Investments are reported at fair value.

Q. RECENTLY ISSUED AND IMPLEMENTED ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. There were no significant impacts of implementing this Statement.

2. CASH AND INVESTMENTS

It is the investment policy of the City of Lenox to invest its cash reserves in checking accounts and interest bearing certificates of deposit. These accounts are reported at cost, which equals market value.

The breakdown between deposits and investments for the City is as follows:

Primary Government:	
Cash on Hand	$ 450
Bank Deposits (checking accounts and saving accounts)	859,340
Total Primary Government	$859,790

Credit Risk:
The City limits the credit risk of the primary government by investing its cash with bank deposits, which are covered by federal depository insurance or collateralized with collateral pledged by the financial institution.

Interest Rate Risk:
The investments of the primary government are invested in highly liquid investments to limit the risk of interest rate fluctuations. All bank certificates of deposit have varying maturity dates of one year or less.

3. RECEIVABLES

Receivables of the primary government at December 31, 2023, consist of the following:

	General Fund	Special Purpose Transportation Local Option Sales Tax Fund	SPLOST Fund	ARPA Fund	CDBG Fund	Water and Sewer Fund
Property Taxes	$16,717	$ 0	$ 0	$ 0	$ 0	$ 0
Accounts	49,893	0	0	0	0	52,761
Due from Other Governments	7,935	12,625	6,651	0	0	0
Less Allowances for Uncollectables	(1,571)	0	0	0	0	(14,634)
Net Receivables	$72,974	$12,625	$6,651	$ 0	$ 0	$ 38,127

4. CAPITAL ASSETS

The schedule below represents the changes in capital assets of the City for the year ending December 31, 2023.

	Balance January 1, 2023	Additions	Transfers/ Deletions	Balance December 31, 2023
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$ 514,675	$ 0	$ 0	$ 514,675
Construction in Process	50,883	21,807	0	72,690
Total Capital Assets not being Depreciated	565,558	21,807	0	587,365
Capital Assets being Depreciated:				
Buildings and Improvements	2,204,673	89,342	0	2,294,015
Machinery and Equipment	1,657,110	179,673	(164,204)	1,672,579
Infrastructure	1,690,380	208,851	0	1,899,231
Total Capital Assets being Depreciated	5,552,163	477,866	(164,204)	5,865,825

	Balance January 1, 2023	Additions	Transfers/ Deletions	Balance December 31, 2023
Less Accumulated Depreciation:				
Buildings and Improvements	(814,998)	(52,182)	0	(867,180)
Machinery and Equipment	(1,157,264)	(178,011)	164,204	(1,171,071)
Infrastructure	(180,379)	(44,020)	0	(224,399)
Total Accumulated Depreciation	(2,152,641)	(274,213)	164,204	(2,262,650)
Net Capital Assets being Depreciated	3,399,522	203,653	0	3,603,175
Right-of-Use Assets being Amortized:				
Machinery and Equipment	348,540	0	0	348,540
Less Accumulated Amortization:				
Machinery and Equipment	(63,899)	(23,236)	0	(87,135)
Net Right-of-Use Assets Being Amortized	284,641	(23,236)	0	261,405
Total Capital Assets, Net	$4,249,721	$ 202,224	$ 0	$4,451,945

Depreciation and amortization expense of the general fund was charged to governmental functions as follows:

General Government	$ 66,346
Public Safety	165,271
Public Works	64,504
Recreation	1,328
Total	$297,449

	Balance January 1, 2023	Additions	Transfers/ Deletions	Balance December 31, 2023
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	$ 51,400	$ 0	$ 0	$ 51,400
Capital Assets being Depreciated:				
Distribution System	7,026,541	79,887	0	7,106,428
Buildings and Improvements	106,974	0	0	106,974
Machinery and Equipment	125,393	0	0	125,393
Total Capital Assets being Depreciated	7,258,908	79,887	0	7,338,795

Less Accumulated Depreciation:				
Distribution System	(2,933,003)	(148,659)	0	(3,081,662)
Buildings and Improvements	(41,104)	(3,342)	0	(44,446)
Machinery and Equipment	(107,714)	(6,153)	0	(113,867)
Total Accumulated Depreciation	(3,081,821)	(158,154)	0	(3,239,975)
Net Capital Assets being Depreciated	4,177,087	(78,267)	0	4,098,820
Total Capital Assets, Net	$4,228,487	$ (78,267)	$ 0	$ 4,150,220

5. LONG-TERM DEBT

A. CHANGES IN LONG-TERM DEBT

The following is a summary of the changes in long-term debt of the City, including obligations under capital leases, for the year ended December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental Activities:					
Lease Payable	$ 264,455	$ 0	$ (33,100)	$ 231,355	$ 33,992
Business-Type Activities:					
Revenue Bonds	$ 803,891	$ 0	$ (22,254)	$ 781,637	$ 23,274

B. REVENUE BONDS

The water and sewer fund issued $1,073,340 in revenue bonds on November 5, 2004, "2004 Series", for the purpose of extending its water and sewer system. They were issued through the U.S. Department of Agriculture and contain a number of limitations and restrictions. The City was in compliance with all significant limitations and restrictions. The bonds call for monthly payments of $4,831, beginning December 4, 2004. The schedule below summarizes the annual maturities and interest amounts due for these bonds.

Fiscal Year	Interest Rate	Principal Due	Interest Due	Total Requirements
2024	4.50%	$ 23,274	$ 34,698	$ 57,972
2025	4.50%	24,344	33,628	57,972
2026	4.50%	25,453	32,519	57,972
2027	4.50%	26,632	31,340	57,972
2028	4.50%	27,855	30,117	57,972
2029-2033	4.50%	159,688	130,172	289,860
2034-2038	4.50%	199,897	89,963	289,860
2039-2043	4.50%	250,230	39,630	289,860
2044	4.50%	44,264	850	45,114
		$781,637	$422,917	$1,204,554

C. LEASE

The City has entered into a lease agreement with the Georgia Municipal Association, Inc. as lessee for the use of a fire truck.

The following is a schedule of future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at December 31, 2023.

Fiscal Year Ending	
2024	$ 39,733
2025	39,733
2026	39,733
2027	39,733
2028	39,733
2029-2031	52,978
Total Minimum Lease Payments	251,643
Less Amount Representing Interest	(20,288)
Present Value of Future Minimum Lease Payments	$ 231,355

Total assets under capital leases for the City are recorded as right of use assets and total $348,540 less accumulated amortization of $87,135.

6. INTERNAL BALANCES

During the year various transactions occurred between the various funds of the City, which give rise to interfund receivable and payable balances. These transactions include charges for services, the purchase of goods and services, and short-term cash advances. At December 31, 2023, the general fund had advanced the water and sewer fund $50,517. The general fund owed the ARPA fund $152,539.

7. CONTINGENT LIABILITIES AND LITIGATION

The City of Lenox is subject to various claims and legal disputes which arise in the normal course of its operation. In the opinion of management and legal counsel, the outcome of any of these items would not have a material effect on the City's financial condition.

8. PENSION PLAN

The City of Lenox contributes to the Georgia Municipal Employees Benefit System, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for Georgia cities. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements. The report may be obtained by writing to GMA, 201 Pryor Street S.W., Atlanta, Georgia 30303. The information below is obtained from the report dated January 1, 2024. For the current year, there are 6 retired participants and beneficiaries. There are 7 inactive employees that are entitled to but not yet receiving benefits. There are 12 active employees and elected officials.

Effective July 1, 2019, by action of city council, the City's retirement plan was amended to allow for elected officials to participate in the plan and the benefit multiplier for employee participants was increased from 1.25% to 2.5%.

Benefit changes: Amounts reported for fiscal years ending in 2020 and later reflect that effective July 1, 2019, officials became eligible for the Plan and the benefit multiplier for employees was increased from 1.25% to 2.50%.

All full time City employees and elected officials are eligible to participate in the plan upon employment. Employee participants are eligible for retirement benefits upon attainment of age 65 and 5 years of credited service and elected official participants are eligible at age 65.

A. SIGNIFICANT ACTUARIAL ASSUMPTIONS

The estimates on which the cost of the plan and any liability thereof is calculated including:

1) Investment return-the rate of investment yield which the plan will earn over the long-term future.
2) Mortality rates-the death rates of employees and pensioners; life expectancy is based on these rates.
3) Retirement rates-the rate of probability of retirement at a given age.
4) Turnover rates-the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

The net investment return is estimated to be 7.375% on-going basis. 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.91%
International Equity	20%	7.21%
Global Fixed Income	5%	1.67%
Domestic Fixed Income	20%	1.61%
Real Estate	10%	3.61%
Total	100%	

The mortality actuarial and economic assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019.

The mortality rates used were:

1) Healthy retirees and beneficiaries: Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
2) Disabled participants: Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25
3) Active participants, terminated vested participants, and deferred beneficiaries: Sex-distinct Pri-2012 head count weighted Employee Mortality Table.
4) Plan Termination Basis (all lives): 1994 Group Annuity Reserving Unisex Table.

The mortality tables (other than the one used for the plan termination basis) are adjusted from 2012 to future years using 60% of the sex-distinct generational projection under the 2019 OASDI Trustees Report.

The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the Plan meet the Actuarial Standard of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

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 pension 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 pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Additional, significant actuarial assumptions used in the current valuation are:

Net Investment Return	7.375% ongoing basis
Projected Salary Increases	2.25% plus service based merit increases
Inflation	2.25%
Cost of Living Adjustment	Not Applicable

B. FUNDING POLICY AND ANNUAL CONTRIBUTIONS

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is $79,390. This minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards.

C. NET PENSION LIABILITY

The table below details the changes in net pension liability based on a September 30, 2023 measurement date:

	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)	Net Pension Liability
Service Cost	$ 36,503	$ 0	$ 36,503
Interest	86,546	0	86,546
Differences between Expected and Actual Experience	(76,286)	0	(76,286)
Contributions-Employer	0	75,072	(75,072)
Net Investment Income	0	94,348	(94,348)
Benefit Payments, Including Refunds of Employee Contributions	(34,732)	(34,732)	0
Administrative Expense	0	(3,592)	3,592
Other	0	0	0
Net Change	12,031	131,096	(119,065)
Balance at September 30, 2022*	1,154,374	695,554	458,820
Balance at September 30, 2023**	$1,166,405	$826,650	$339,755

* Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2023 are used to measure TPL as of September 30, 2022. The balances as of September 30, 2022 constitute measurements of the NPL for the fiscal year ending June 30, 2023.

** Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2024 are used to measure TPL as of September 30, 2023. The balances as of September 30, 2023 constitute measurements of the NPL for the fiscal year ending June 30, 2024.

D. SENSITIVITY OF NET PENSION LIABILITY

The table below displays the sensitivity of the net pension liability to changes in the discount rate.

1% Decrease	Current Discount Rate	1% Increase
(6.375%)	(7.375%)	(8.375%)
$492,144	$339,755	$213,009

E. PENSION EXPENSE

The table below illustrates pension expense as determined by the actuarial statement.

Service Cost	$36,503
Interest on TPL	86,546
Administrative Expenses	3,592
Expected Return on Assets	(52,652)
Expensed Portion of Current Year Period Differences between Expected and Actual Experience in TPL	(25,428)
Expensed Portion of Current Year Period Assumption Changes	0
Current Year Plan Changes	0
Expensed Portion of Current Year Period Differences between Projected and Actual Investment Earnings	(8,340)
Current Year Recognition of Deferred Inflows and Outflows Established in Prior Years	34,799
Total Expenses	$ 75,000

F. DEFERRED OUTLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

At December 31, 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	$12,488	$ (52,153)
Changes of Assumptions	0	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	40,025	0
Contributions after Measurement Date	19,848	0
Total	$72,361	$ (52,153)

The City of Lenox's contributions of $19,848, subsequent to the measurement date, are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in 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 Ended	
2024	$ 1,011
2025	(7,536)
2026	(14,575)
2027	30,810
2028	(8,339)

9. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, public entity risk pools currently operating as common risk management and insurance program for member local governments.

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

The pools are to defend and protect the members of the pools against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The pools 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.

The City continues to carry commercial insurance for all other risk of loss, including employee health and accident insurance. Settled claims have not exceeded the commercial insurance coverage.

10. JOINT VENTURES

The City of Lenox, in conjunction with cities and counties in the ten county South Georgia area, participates in the Southern Georgia Regional Commission (SGRC). Membership in an SGRC is required by Code of Georgia Section 50-8-34 that provides for the organizational structure of the SGRC. The SGRC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission.

Information concerning the financial statements may be obtained from the Southern Georgia Regional Commission Center, P.O. Box 1223, Valdosta, Georgia 31603.

11. SUBSEQUENT EVENTS

In preparing these financial statements, the City has also evaluated events and transactions for potential recognition or disclosure through September 19, 2024, the date when the financial statements were available to be issued.

On July 1, 2024, the City police department's ability to use speed detection services was suspended by the Georgia Department of Public Safety for a period of six months. This suspension will result in a significant reduction in the City's general fund revenue and will also reduce general fund expenditures for surcharges included in fine and forfeitures and remitted to other governments. The City is also making other reductions in its general fund budget and believes these efforts will enable the City to overcome the effects of this suspension and reduction in revenue.

12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The sanitation department and the fire department of the general fund expended more than its appropriated budgeted amount. These excess expenditures were the result of unanticipated increases in the disposition of solid waste in the sanitation department and the need for unanticipated firefighting items in the fire department. These excesses were funded through under expenditures in other departments and receipt of nonbudgeted state government grants.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

City of Lenox
Lenox, Georgia

December 31, 2023

	2023	2023	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	$ 36,503	$ 34,956	$ 28,890	$ 33,785	$ 17,185	$ 17,902	$ 17,263	$ 14,365	$ 11,891	$ 7,267
Interest on Total Pension Liability	86,546	80,143	74,711	66,878	28,173	24,504	21,247	18,881	18,179	16,155
Differences Between Expected and Actual Experience	(76,286)	3,435	(5,180)	37,871	25,856	22,371	7,906	12,424	(3,780)	19,491
Change in Assumptions	0	0	0	0	(14)	0	3,395	0	0	2,706
Change in Benefit Terms	0	0	0	0	463,444	0	0	0	0	0
Benefit Payments	(34,732)	(31,768)	(29,896)	(24,978)	(15,142)	(15,142)	(15,141)	(15,142)	(19,323)	(19,703)
Net Change in Total Pension Liability	12,031	86,766	68,525	113,556	519,502	49,635	34,670	30,528	6,967	25,916
Total Pension Liability-Beginning	1,154,374	1,067,608	999,083	885,527	366,025	316,390	281,720	251,192	244,225	218,309
Total Pension Liability-Ending	$1,166,405	$1,154,374	$1,067,608	$999,083	$885,527	$366,025	$316,390	$281,720	$251,192	$244,225
Plan Fiduciary Net Position:										
Contributions-Employer	$ 75,072	$ 70,901	$ 62,381	$ 41,512	$306,938	$ 26,623	$ 20,379	$ 18,873	$ 14,227	$ 14,975
Net Investment Income	94,348	(135,748)	150,592	53,217	20,076	21,557	27,724	18,268	2,183	17,713
Benefit Payments	(34,732)	(31,768)	(29,896)	(24,978)	(15,142)	(15,142)	(15,141)	(15,142)	(19,323)	(19,703)
Administrative Expenses	(3,592)	(3,580)	(3,618)	(3,274)	(3,077)	(4,472)	(3,648)	(1,881)	(1,967)	(1,610)
Net Change in Plan Fiduciary Net Position	131,096	(100,195)	179,459	66,477	308,795	28,566	29,314	20,118	(4,880)	11,375
Plan Fiduciary Net Position-Beginning	695,554	795,749	616,290	549,813	241,018	212,452	183,138	163,020	167,900	156,525
Plan Fiduciary Net Position-Ending	$ 826,650	$ 695,554	$ 795,749	$616,290	$549,813	$241,018	$212,452	$183,138	$163,020	$167,900
Net Pension Liability-Ending	$ 339,755	$ 458,820	$ 271,859	$382,793	$335,714	$125,007	$103,938	$ 98,582	$ 88,172	$ 76,325

(Continued on next page)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

City of Lenox
Lenox, Georgia

December 31, 2023

	2023	2023	2021	2020	2019	2018	2017	2016	2015	2014
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.87%	60.25%	74.54%	61.69%	62.09%	65.85%	67.15%	65.01%	64.90%	68.75%
Covered Employee Payroll	$ 369,898	$ 510,156	$ 509,426	$438,984	$471,329	$422,857	$392,316	$330,540	$292,898	$292,898
Net Pension Liability as a Percentage of Covered Employee Payroll	91.85%	89.94%	53.37%	87.20%	70.54%	26.52%	24.58%	25.13%	26.68%	26.06%

SCHEDULE OF CONTRIBUTIONS

City of Lenox
Lenox, Georgia

December 31, 2023

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 70,760	$ 69,875	$ 68,052	$ 32,665	$ 30,431	$ 25,861	$ 21,426	$ 18,022
Contribution in Relation to the Actuarially Determined Contribution	70,901	75,546	65,103	29,943	303,844	(25,861)	(21,426)	(18,022)
Contribution Deficiency (Excess)	$ (141)	$ (5,671)	$ 2,949	$ 2,722	$ (273,413)	$ 0	$ 0	$ 0
Covered Employee Payroll	$ 510,156	$ 509,426	$ 438,984	$ 471,329	$ 422,857	$ 392,316	$ 330,540	$ 292,898
Contribution as a Percentage of Covered Employee Payroll	13.90%	14.83%	14.83%	6.29%	64.47%	6.12%	5.46%	5.45%

Notes to the Schedule:
Valuation Date-January 1, 2023

Methods and assumptions used to determine contribution rates:
Actuarial Cost Method-Projected Unit Credit
Amortization Method-Closed level dollar for remaining unfunded liability
Remaining Amortization Period-Remaining amoritzation period varies for the bases, with a net effective amortization period of 18 years.
Asset Valuation Method-Sum of actuarial value at beginning of year and the cash flow during the year plus investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of the market value.
Net Investment Rate of Return-7.375%
Projected Salary Increases-2.25% plus service based merit increases

The schedule will present 10 years of information once it is accumulated.

SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

General Fund
Lenox, Georgia

Year Ended
December 31, 2023

	Budget			
	Original	Final	Actual	Variance
Revenues:				
Taxes	$ 176,500	$ 176,500	$ 146,563	$ (29,937)
Licenses and Permits	5,000	5,000	9,363	4,363
Franchise Fees	65,000	65,000	56,838	(8,162)
Charges for Services	97,000	97,000	89,478	(7,522)
Fines and Forfeitures	1,523,200	1,523,200	1,473,960	(49,240)
Intergovernmental	0	0	19,965	19,965
Miscellaneous	101,000	101,000	62,750	(38,250)
Total Revenues	1,967,700	1,967,700	1,858,917	(108,783)
Expenditures:				
General Government	295,875	395,875	393,257	2,618
Police Department	1,288,275	1,188,275	1,104,782	83,493
Fire Department	66,975	66,975	83,934	(16,959)
Street Department	243,075	243,075	200,665	42,410
Sanitation Department	50,000	50,000	51,318	(1,318)
Culture and Recreation	23,500	23,500	7,953	15,547
Total Expenditures	1,967,700	1,967,700	1,841,909	125,791
Excess of Revenues Over (Under) Expenditures	0	0	17,008	17,008
Net Change in Fund Balance	0	0	17,008	17,008
Fund Balance - January 1, 2023	269,417	269,417	269,417	0
FUND BALANCE - DECEMBER 31, 2023	$ 269,417	$ 269,417	$ 286,425	$ 17,008

1. BUDGETARY BASIS

The City of Lenox adopts its budget on the modified accrual basis of accounting and is in compliance with generally accepted accounting principles.

SCHEDULE OF PROJECTS CONSTRUCTED WITH

SPECIAL SALES TAX PROCEEDS

City of Lenox
Lenox, Georgia

Year Ended
December 31, 2023

Project	Original Estimated Cost	Expenditures			Estimated Percentage Completion
		Prior Years	Current Year	Total	
		2017 REFERENDUM			
Capital Outlay Items	$247,500	$201,099	$ 4,292	$ 205,391	83%

COMMUNITY DEVELOPMENT BLOCK GRANT

SOURCE AND APPLICATION OF FUNDS SCHEDULE

GRANT #22P-X-037-2-6294

City of Lenox
Lenox, Georgia

	December 31, 2023
Total Program Funds Allocated to Recipient	$ 1,000,000
Less: Total Current Year Funds Drawn Down by Recipient	23,250
Less: Total Prior Year Funds Drawn Down by Recipient	0
Funds Still Available	$ 976,750
Total Program Funds Held at Year Beginning January 1, 2023	$ 0
Total Program Funds Drawn Down and Received by Recipient	23,250
Less: Funds Applied and Expended to Program Year 2023 Costs	23,250
Total Program Funds Held at Year Ending December 31, 2023	$ 0

COMMUNITY DEVELOPMENT BLOCK GRANT

BUDGET TO ACTUAL FUNDS SCHEDULE

GRANT #22P-X-037-2-6294

City of Lenox
Lenox, Georgia

December 31, 2023

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Period Expenditures	Prior Period Expenditures	Grant Total Expenditures to Date	Questioned Costs
Engineering	T-03K-00	$ 85,695	$ 12,550	$ 0	$ 12,550	$ 0
Flood and Drainage Improvements	P-03K-02	844,603	0	0	0	0
Acquisition	P-001-00	9,702	0	0	0	0
Adminstration	A-21A-00	60,000	10,700	0	10,700	0
Total		$ 1,000,000	$ 23,250	$ 0	$ 23,250	$ 0

SCHEDULE OF PROJECTS CONSTRUCTED WITH

TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

City of Lenox
Lenox, Georgia

Year Ended
December 31, 2023

Project	Original Estimated Cost	Expenditures			Estimated Percentage Completion
		Prior Years	Current Year	Total	
Road Projects	$247,500	$ 0	$230,671	$ 230,671	93%

HERRING
CPA GROUP, P.C.
Certified Public Accountants & Consultants

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TONY QUINNEY, C.P.A.
JAMES H. HERRING, C.P.A.

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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

The Honorable Mayor and City Council
Lenox, 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, and each major fund of the City of Lenox, Georgia, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Lenox, Georgia's basic financial statements and have issued our report thereon dated September 19, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lenox, Georgia's internal control over financial reporting to determine the 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 of Lenox, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lenox, Georgia'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 23-1 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 23-2, 23-3, 23-4 and 23-5 to be significant deficiencies.

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Compliance and Other Matters

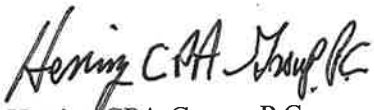
As part of obtaining reasonable assurance about whether the City of Lenox, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Lenox, Georgia's Response to Findings

The City of Lenox, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Lenox, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinions on them.

Purpose of Report

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



Herring CPA Group, P.C.
Tifton, Georgia
September 19, 2024

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the City of Lenox, Georgia.

2. Five reportable conditions were disclosed during the audit of the basic financial statements and are reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards".

3. No instances of noncompliance, material to the basic financial statements of the City of Lenox, Georgia, were disclosed during the audit.

4. The City of Lenox, Georgia, was not required to undergo a single audit for the fiscal year ending December 31, 2023.

FINDINGS-FINANCIAL STATEMENTS AUDIT

23-1 Segregation of Duties (Repeat)

The City of Lenox, Georgia, does not employ sufficient qualified personnel to provide for the adequate segregation of duties and the preparation of annual financial reports.
Criteria-A sufficient number of personnel should be in place to provide for the segregation of conflicting duties and to provide for the preparation of annual financial reports.
Effect-Improper segregation of duties can allow for the misappropriation of funds.
Recommendation-Additional personnel should be hired, any conflicting duties segregated, and an annual financial report should be prepared.
Management's Response-Management agrees with the finding; however, it is not economically feasible to hire additional personnel. Management has put in place procedures to help alleviate this problem.

23-2 Reconciliation of Accounts Receivable Ledgers (Repeat)

The City of Lenox, Georgia, did not reconcile the accounts receivable ledgers to the general ledger or to daily cash receipts.
Criteria-The accounts receivable ledgers need to be reconciled to the general ledger on a monthly basis by personnel independent of the cash receipts and billing functions.
Effect-Failure to reconcile the accounts receivable ledgers to the general ledger can result in misappropriation of funds and the failure to detect such misappropriation.
Recommendation-All accounts receivable ledgers need to be reconciled to the general ledger on a monthly basis.
Management's Response-Management agrees with this finding and will put in place procedures to reconcile the accounts receivable ledgers to the general ledger.

23-3 Financial Statement Preparation (Repeat)

The management of the City of Lenox, Georgia, does not have the skills needed to prepare its financial statements in accordance with generally accepted accounting principles.
Criteria-Weakness in internal control.
Effect-Governing board is provided generally accepted accounting principles basis financial statements on an annual basis only.
Management's Response-Hiring additional personnel with adequate professional training is not economically feasible. The city clerk prepares a monthly financial report for the governing board.

23-4 Budget Compliance (Repeat)

Two departments of the City of Lenox, Georgia, exceeded budgeted expenditure amounts.
Criteria-Departments are to only spend their budgeted amounts of appropriated funds. Any excess expenditures should be approved by city council with appropriate budget amendments.
Effect-Overspending of budgeted amounts can result in a deterioration of the City's financial condition and misuse of City funds.
Recommendation-Timely budget reports need to be prepared and presented to management and council to monitor each department's spending and its compliance with approved budgets.
Management's Response-Management agrees with this finding and will put in place procedures to prepare timely budget reports and monitor departmental spending.

23-5 Special Revenue Fund Budget

The City did not adopt an annual budget for the ARPA special revenue fund.
Criteria-The City is required to adopt annual balanced budgets for its general and special revenue funds.
Effect-Adopting annual budgets is part of the City's expenditure authorization process and provides a means of controlling annual expenditures.
Recommendation-City council needs to adopt an annual budget for the ARPA fund.
Management's Response-Management agrees with this finding and will adopt an annual budget for the ARPA fund.