City of Mount Vernon, Georgia

Annual Financial Report

With Independent Auditors' Report

For the Year Ended December 31, 2022

City of Mount Vernon, Georgia
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Mount Vernon, Georgia

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Mount Vernon, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Mount Vernon as of December 31, 2022, the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, ARPA Fund and Hotel/Motel 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 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 of Mount Vernon, 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 opinions.

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; this includes 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 Mount Vernon, 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.

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 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 the financial statements.

In performing an audit in accordance with generally accepted auditing 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 Mount Vernon, 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 Mount Vernon, Georgia's ability to continue as a going concern for the 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 the pension schedules and notes be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 the 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.

Other Information

The schedule of expenditures of Special Purpose Local Option Sales Tax proceeds is presented for purposes of additional analysis as required by Georgia code and is also not a required part of the basic financial statements.

The schedule of expenditures of Special Purpose Local Option Sales Tax 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of Special Purpose Local Option Sales Tax proceeds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2023 on our consideration of the City of Mount Vernon, 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 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 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.

The Belleme Firm, LLC

Dublin, GA
October 9, 2023

City of Mount Vernon, Georgia
Statement of Net Position
December 31, 2022

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 134,755	$ 312,536	$ 447,291
Accounts receivable	127,971	67,662	195,633
Due from other governments	76,985	-	76,985
Capital assets, net of depreciation	1,205,265	1,908,702	3,113,967
Capital assets, nondepreciable	492,820	374,459	867,279
Total assets	2,037,796	2,663,358	4,701,155
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	24,672	-	24,672
Total deferred outflows of resources	24,672	-	24,672
LIABILITIES			
Accounts payable	55,747	48,814	104,561
Customer deposits	-	66,184	66,184
Notes payable, due within one year	59,029	204,340	263,369
Notes payable, due in more than one year	200,801	591,450	792,251
Net pension liability	51,963	-	51,963
Total liabilities	367,540	910,788	1,278,328
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	160,881	-	160,881
Total deferred inflows of resources	160,881	-	160,881
NET POSITION			
Net investment in capital assets	1,438,255	1,487,370	2,925,626
Restricted for:			
Capital projects	66,150	-	66,150
Tourism	678	-	678
Special expenses	79,389	-	79,389
Debt service	-	204,340	204,340
Unrestricted	(50,425)	60,860	10,435
Net position	$ 1,534,047	$ 1,752,570	$ 3,286,617

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

City of Mount Vernon, Georgia
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 645,353	$ 22,468	$ 442,709	$ 17,730
Public safety	335,194	46,191	14,383	35,500
Sanitation and environmental	146,665	220,014	-	88,640
Streets and highways	325,652	-	-	145,818
Recreation	1,241	-	-	-
Interest on general purpose debt	7,770	-	-	-
Total governmental activities	1,461,875	288,673	457,092	287,688
Business-type activities:				
Water and sewer	704,093	742,065	-	-
Total business-type activities	704,093	742,065	-	-
Total	$ 2,165,967	$ 1,030,739	$ 457,092	$ 287,688

General revenues:	
Insurance premium taxes	
Franchise taxes	
TAVT tax	
Sales taxes	
Other taxes	
Interest income	
Rents	
Gain on sale of assets	
Miscellaneous	
Total general revenues	
Transfers in	
Transfers out	
Total transfers in (out)	
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 (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
$ (162,446)	$ -	$ (162,446)
(239,120)	-	(239,120)
161,989	-	161,989
(179,834)		(179,834)
(1,241)		(1,241)
(7,770)	-	(7,770)
(428,422)	-	(428,422)
-	37,972	37,972
-	37,972	37,972
(428,422)	37,972	(390,450)
163,312	-	163,312
118,156	-	118,156
52,812	-	52,812
252,957	-	252,957
35,665	-	35,665
-	160	160
24,055	-	24,055
-	-	-
40,866	-	40,866
687,823	160	687,983
108,372	670,467	778,839
(670,467)	(108,372)	(778,839)
(562,095)	562,095	-
(302,694)	600,227	297,533
1,836,741	1,152,343	2,989,084
$ 1,534,047	$ 1,752,570	$ 3,286,617

City of Mount Vernon, Georgia
Balance Sheet
Governmental Funds
December 31, 2022

ASSETS

	General Fund	ARPA Fund	SPLOST Fund	T-SPLOST Fund	Hotel/ Motel Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 29,966	$ 85,959	$ 8,329	$ 9,823	$ 678	$ 134,755
Accounts receivable	127,971	-			-	127,971
Due from other governments	28,987	-	43,914	4,084	-	76,985
Total assets	186,924	85,959	52,243	13,907	678	339,711
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	49,177	6,570	-	-	-	55,747
Total liabilities	49,177	6,570	-	-	-	55,747
FUND BALANCE						
Restricted for:						
Capital projects	-	-	52,243	-	-	52,243
Transportation projects	-	-	-	13,907	-	13,907
Tourism	-	-	-	-	678	678
Special expenses		79,389				79,389
Unassigned	137,747	-	-	-	-	137,747
Total fund balance	137,747	79,389	52,243	13,907	678	283,964
Total liabilities and fund balance	$ 186,924	$ 85,959	$ 52,243	$ 13,907	$ 678	$ 339,711

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

City of Mount Vernon, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2022

Amounts reported for governmental activities on the statement of net position are different because of the following:

Total funds balances for governmental funds		$ 283,964
Capital assets used for governmental activities are not financial resources, and therefore, are not reported in the governmental funds		1,698,085
Deferred outflows of resources are not due and payable in the current period and are not reported in the funds. These deferred outflows consist of pension related experience differences, assumption changes and contributions.		24,672
Deferred inflows of resources are not available to pay for current expenditures, and therefore, are not reported in the funds. These deferred inflows of resources consist of pension related differences between projected and actual earnings on plan benefits.		(160,881)
Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities:		
Net pension liability	(51,963)	
Notes payable	(259,830)	
		(311,793)
Total net position of governmental activities		$ 1,534,047

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

City of Mount Vernon, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	ARPA Fund	SPLOST Fund	T-SPLOST Fund	Hotel/Motel Fund	Total Governmental Funds
REVENUES						
Charges for services	$ 253,313	$ -	$ -	$ -	$ -	$ 253,313
Fines	12,892	-	-	-	-	12,892
Sales taxes	252,957	-	-	-	-	252,957
Insurance premium taxes	163,312	-	-	-	-	163,312
Franchise taxes	118,156	-	-	-	-	118,156
Other taxes	83,003	-	-	-	5,474	88,477
Licenses and permits	22,468	-	-	-	-	22,468
Rent revenue	24,055	-	-	-	-	24,055
Grant revenue	14,383					14,383
Miscellaneous	40,866	-	-	-	-	40,866
Intergovernmental	-	442,709	246,276	41,412	-	730,397
Total revenues	985,405	442,709	246,276	41,412	5,474	1,721,275
EXPENDITURES						
Current:						
General government	601,851	-	6,475	-	7,338	615,664
Streets and highways	58,879	52,908	14,546	80,660	-	206,993
Public safety	328,655	-	-	-	-	328,655
Sanitation and environmental	72,563	24,599	-	-	-	97,162
Recreation	1,241	-	-	-	-	1,241
Debt Service:						
Principal	11,421	-	49,815	-	-	61,236
Interest	729	-	7,041		-	7,770
Capital outlays:						
General government	6,694	-	-	-	-	6,694
Streets and highways	-	91,637	30,075	-	-	121,712
Sanitation and environmental	-	201,954	-	-	-	201,954
Public safety	26,828	11,272	5,435	-	-	43,535
Total expenditures	1,108,861	382,370	113,387	80,660	7,338	1,692,616
Excess (deficiency) of revenues over expenditures	(123,456)	60,339	132,889	(39,247)	(1,864)	28,660
OTHER FINANCING SOURCES (USES)						
Transfers in	108,372	-	-	-	-	108,372
Transfers out	-	(342,709)	(125,804)	-	-	(468,513)
Total other financing sources (uses)	108,372	(342,709)	(125,804)	-	-	(360,141)
Net change in fund balance	(15,084)	(282,370)	7,085	(39,247)	(1,864)	(331,481)
Fund balance, January 1, 2022	152,831	361,759	45,158	53,154	2,542	615,444
Fund balance, December 31, 2022	$ 137,747	$ 79,389	$ 52,243	$ 13,907	$ 678	$ 283,964

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

City of Mount Vernon, Georgia
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2022

Amounts reported for governmental activities on the statement of activities are different because of the following:

Net change in fund balances - total government funds		$ (331,481)
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current year:		
Capital outlay - Depreciable capital assets	$ 171,941	
Depreciation	(253,136)	
		(81,195)
Some expenses reported in the statement of activities do not require the use of financial resources, and therefore, are not reported as expenditures in the government funds. These expenses are:		
Change in net pension liability		48,746
The repayment of long-term debt consumes the current financial resources of the government funds; debt repayment decreases long-term liabilities in the statement of net postion.		61,236
The issuance of long-term debt is reported as an other financing source at the fund level but is reported as a liability on the government wide statement of net position		-
Change in net position of governmental activities		$ (302,694)

City of Mount Vernon, Georgia
General Fund
Statement of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual
For the Year Ended December 31, 2022

	Actual	Original Budget	Final Budget	Variance with Final Budget
Current Operating Revenues:				
Taxes	$ 617,428	$ 596,000	$ 596,000	$ 21,428
Licenses and permits	22,468	20,000	20,000	2,468
Charges for services	253,313	230,000	230,000	23,313
Fines and forfeitures	12,892	30,000	30,000	(17,108)
Rent revenue	24,055	8,000	8,000	16,055
Grant revenue	14,383	5,000	5,000	9,383
Other income	40,866	57,000	57,000	(16,134)
Total revenues	985,405	946,000	946,000	39,405
Expenditures:				
Current:				
General government	601,851	400,900	650,000	48,149
Public safety	328,655	316,600	330,000	1,345
Street and sanitation	131,442	174,000	140,000	8,558
Recreation	1,241	1,500	1,500	259
Debt service:				
Principal	11,421	12,000	15,000	3,579
Interest	729	1,000	1,500	771
Capital outlays:				
General government	6,694	10,000	22,000	15,306
Public safety	26,828	30,000	45,000	3,172
Total Expenses	1,108,861	946,000	1,205,000	81,139
Excess (deficiency) of revenues over expenditures	(123,456)	-	(259,000)	135,544
Other Financiang Sources (uses):				
Transfers in	108,372	-	-	108,372
Transfers out	-	-	-	-
Total other financing sources (uses)	108,372	-	-	108,372
Net change in fund balance	(15,084)	-	(259,000)	243,916
Fund balance, beginning of year	152,831	152,831	152,831	-
Fund balance, end of year	$ 137,747	$ 152,831	$ (106,169)	$ 243,916

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

City of Mount Vernon, Georgia
Hotel/Motel Fund
Statement of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual
For the Year Ended December 31, 2022

	Actual	Original Budget	Final Budget	Variance with Final Budget
Current Operating Revenues:				
Hotel/motel tax	$ 5,474	$ 4,000	$ 4,000	$ 1,474
Total	5,474	4,000	4,000	1,474
Expenditures:				
Current:				
General government	7,338	4,000	8,000	662
Public safety	-	-	-	-
Street and sanitation	-	-	-	-
Capital outlays:				
General government	-	-	-	-
Public safety	-	-	-	-
Total Expenses	7,338	4,000	8,000	662
Excess (deficiency) of revenues over expenditures	(1,864)	-	(4,000)	2,136
Other Financiang Sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(1,864)	-	(4,000)	2,136
Fund balance, beginning of year	2,542	2,542	2,542	-
Fund balance, end of year	$ 678	$ 2,542	$ (1,458)	$ 2,136

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

City of Mount Vernon, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2022

	Water & Sewer Fund
ASSETS	
Current assets:	
Cash	$ 312,536
Accounts receivable	67,662
Total current assets	380,198
Noncurrent assets:	
Nondepreciable capital assets	374,459
Depreciable capital assets, net	1,908,702
Total non-current assets	2,283,160
Total assets	$ 2,663,358
LIABILITIES	
Current liabilities:	
Deposits payable	$ 66,184
Accounts payable	48,814
Revenue bonds	45,696
GEFA notes payable	158,644
Total current liabilities	319,338
Noncurrent liabilities:	
Revenue bonds	51,939
GEFA notes payable	539,512
Total noncurrent liabilities	591,450
Total liabilities	910,788
NET POSITION	
Net investment in capital assets	1,487,370
Restricted for debt service	204,340
Unrestricted	60,860
Total net position	1,752,570
Total liabilities and net position	$ 2,663,358

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

City of Mount Vernon, Georgia
Statement of Revenues, Expenses and
Changes in Fund Net Position – Proprietary Funds
For the Year Ended December 31, 2022

	Water & Sewer
Operating Revenues:	
Water and sewer fees	$ 726,210
Late fees	11,323
Connection fees	2,871
Meter installation	750
Other	910
Total operating revenues	742,065
Operating Expenses:	
Salaries	126,554
Payroll taxes	9,681
Utilities	83,407
Repairs	18,357
Supplies	104,220
Dues and subscriptions	6,291
Postage and freight	4,606
Meter lease	82,224
Miscellaneous	1,928
Travel and meals	6,235
Engineering fees	8,400
Water testing	29,288
Uniforms	5,372
Gas, oil & fuel	22,042
Office supplies	6,708
Telephone	4,306
Advertising	176
Legal fees	975
Depreciation	153,304
Total operating expenses	674,075
Net operating income (loss)	67,990
Non-operating revenues (expenses):	
Interest income	160
Interest and fees on bonds and loans	(30,018)
Total non-operating revenue (expense)	(29,858)
Income before transfers	38,132
Capital contributions	201,954
Transfers in (out)	360,141
Change in Net Position	600,227
Net position - beginning of year	1,152,343
Net position - end of the year	$ 1,752,570

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

City of Mount Vernon, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Water & Sewer
Cash flows from operating activities:	
Receipts from customers	$ 737,053
Payments to suppliers for goods and services	(346,165)
Payments to employees	(136,235)
Net cash provided (used) by operating activities	254,653
Cash flows from capital and related financing activities:	
Interest paid on debt	(30,018)
Principal paid on GEFA loans	(153,136)
Revenue bonds retired	(47,982)
Purchase of capital assets	(100,605)
Transfer in from ARPA Fund / SPLOST	468,513
Net cash provided (used) by capital and related financing activities	136,772
Cash flows from noncapital financing activities:	
Transfers out to other funds	(108,372)
Net cash provided (used) by noncapital financing activities	(108,372)
Cash flows from investing activities:	
Investment income	160
Net cash provided (used) by investing activities	160
Net increase (decrease) in cash	283,213
Cash, January 1, 2022	29,323
Cash, December 31, 2022	$ 312,536
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	$ 67,990
Depreciation	153,304
Change in accounts receivable	(5,012)
Change in accounts payable	38,371
Net cash provided (used) by operating activities	$ 254,653

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Mount Vernon, Georgia (the "City") operates under a council/mayor form of government and provides the following services: general and administration, public safety, and highways. In addition, the City operates a water and sewer system for the incorporated areas.

For financial reporting purposes, in accordance with the criteria in GASB Standards, the City includes all funds, account groups, agencies, boards, commissions, and authorities that are within its primary government. A component unit is a legally separate organization for which elected officials of a primary government are financially accountable. There are three sets of criteria that the City evaluates to determine whether a potential component unit will be included in the reporting entity of the City of Mount Vernon. They are financial accountability, financial accountability as a result of fiscal dependency, and misleading to exclude the component unit.

The reporting entity of the City of Mount Vernon includes only the funds and account groups that comprise the primary government. There are no potential component units.

B. Basis of Presentation

The City's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities.

Direct expenses are those that are specifically associated with a service, program, or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods, or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with the program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column.

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The City has two categories of funds, governmental and proprietary, which are summarized below.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances, of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the City's major governmental funds:

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

ARPA Fund- This fund accounts for monies received from the federal government as part of a COVID-19 relief fund. The funds are restricted for expenses responding to COVID-19, premium pay for essential workers, revenue loss, and investments in infrastructure and broadband.

SPLOST Fund – This is a capital projects fund, which accounts for monies from the special 1% sales tax. These funds are restricted for road and street repairs, retirement of debt, capital projects, and recreation.

T-SPLOST Fund- This fund accounts for monies from the 1% transportation special purpose sales tax. These funds are restricted for transportation projects.

Hotel / Motel Fund - This Hotel/Motel Fund account is from the 5% lodging tax levied by the city. The funds are restricted for tourism.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City Council. The committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a City official delegated that authority by the City or ordinance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Proprietary Funds

The Proprietary Fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

The principal operating revenues of the City's proprietary fund are sales and services related to the water and sewer system. Operating expenses for the proprietary fund are 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. All assets and liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

The following is the City's major Proprietary Fund:

Water/Sewer Fund – This fund accounts for the operating activities of the City's water and sewer utilities services.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. All assets and all liabilities associated with the operation of the City are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Revenues – Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days after year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, grants, interest, and rent.

Deferred Revenues

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

D. Budgetary Data

The City's annual budget is prepared based on anticipated revenues and appropriated expenditures. Revenue anticipations, generally conservative, are designed to insure fiscal responsibility and maintain a balanced budget. The responsibility of budgeting is with the Mayor.

Prior to December 1, the Mayor submits to the Council a proposed operating budget for the fiscal year commencing on January 1. The operating budget includes proposed expenditures and the means of financing them. The Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ. The budget is then revised and adopted by the Council at the first regular meeting in January of the year to which it applies.

The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting, and no increase shall be made therein without provision also being made for financing. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the council, if such amendments are considered to the budget as a whole. All budgeted appropriations lapse at year end.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed. Accordingly, encumbrances outstanding at year-end are not reported as reservations of fund balances nor do they constitute expenditures or liabilities. Generally accepted accounting principles do not require encumbrance accounting. Likewise, City of Mount Vernon does not use encumbrance accounting.

F. Inventories

Inventory consists of expendable supplies held for consumption. The cost of these supplies on hand are considered immaterial to the balance sheets of the various funds and are not shown as assets of the funds nor is any portion of the fund balance reported as reserved for inventories. Inventory type items are recorded as an expense/expenditure when purchased.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Investments

For purposes of the statement of net position, cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with a maturity of three months or less at the time they are purchased by the City. Investments with maturity of more than three months are reported as investments.

H. Prepaid Items

Payments to vendors for services that will benefit periods beyond December 31, 2022, are reported as prepaid items by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Certain cash resources are set aside for various purposes in the special revenue funds. These restricted funds are classified as restricted assets on the balance sheet because their use is limited. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

J. Capital Assets

General capital assets are capital assets, which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using mainly the straight-line method over the following useful lives:

Description	Estimated Lives
Building and Building Improvements	15-40 years
Water and Sewer System	30-40 years
Machinery and Equipment	5-15 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated absences

Accumulated unpaid vacation, sick pay, and other employee benefit amounts are accrued when incurred in all fund types. At December 31, 2022, no significant accruals existed.

L. Interfund Receivables/Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Due to other funds/Due from other funds". Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

M. Estimates

The preparation of the financial statements in conformity with generally accepted 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 estimates.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category; it is related to pensions.

In addition to liabilities, the statement of financial 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises under the accrual basis of accounting, that qualifies for reporting in this category; it is related to pensions.

NOTE 2. DEPOSITS WITH FINANCIAL INSTITUTIONS

All deposits are in one financial institution and are carried at cost plus accrued interest. Below is a summary of deposits held by the City at December 31, 2022.

Carrying Amount	Bank Balance
$ 447,216	$ 545,835

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. State statutes and the government’s depository policy require all deposits to be collateralized by depository insurance or pledged collateral. As of December 31, 2022, the City’s bank balances were covered by FDIC insurance and pledged collateral.

NOTE 3. PROPERTY TAXES

The City of Mount Vernon, Georgia, did not levy any property taxes for the year ended December 31, 2022.

NOTE 4. PENSION PLAN

Plan Description

The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple employer public retirement system that acts as an investment and administrative agent for cities and municipalities in Georgia. The City has the right to establish and amend the benefit provisions of the plan. These amendments become effective once approved by the Board of Trustees of GMEBS. The plan is a defined benefit plan.

Benefits Provided

The City's defined benefit plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by state statute and City ordinance. Benefits are paid in relation to the participants final average earnings for the five years of service preceding retirement. There is no waiting period for employees to become eligible to participate in the plan. Participants begin vesting after five years and are fully vested after ten years.

Funding Policy

The City's policy is to fund the accrued pension expense each year, which is the sum of the normal cost plus the amount required to amortize the unfunded frozen initial liability over thirty years plus interest thereon. Under Part I, Article VIII of the Master Retirement Plan for the City of Mount Vernon, Georgia adopted by ordinance of the City of Mount Vernon, the City has the sole obligation for making contributions to the Plan. The City's current year covered payroll and current year total payroll were $436,407 and $698,021, respectively. Total pension plan expense for the current plan year is $10,186. The interest rate used in making the projections was 7.375%. Projected salary increases included 2.25% for inflation.

At July 1, 2022, the following individuals were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	2
Vested terminated participants	1
Active participants	7
Total membership in the plan	10

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

The City's net pension liability was measured as of March 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022.

NOTE 4. PENSION PLAN (Continued)

At December 31, 2022, the City reported a net pension liability of $51,963.

The changes in the components of the net pension liability of the City for the year ended December 31, 2022, were as follows:

	Schedule of Changes in Net Pension Liability		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at March 31, 2021	$ 1,296,135	$ 1,179,231	$ 116,904
Changes for the year:			
Service cost	19,855	-	19,855
Interest	96,410	-	96,410
Differences between expected and actual experience	(54,212)	-	(54,212)
Contributions - employer	-	58,932	(58,932)
Contributions - employee	-	-	-
Net investment income	-	71,672	(71,672)
Benefit payments, including refunds of employee contributions	(17,483)	(17,483)	-
Administrative expense	-	(3,610)	3,610
Other	-	-	-
Net changes	44,570	109,511	(64,941)
Balance at March 31, 2022	$ 1,340,705	$ 1,288,742	$ 51,963

For the year ended December 31, 2022, the City recognized pension expense of $(48,746). At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 16,768	$ (47,955)
Changes of assumptions	7,904	-
Net difference between projected and actual earnings on pension plan investments	-	(112,926)
Total	$ 24,672	$ (160,881)

NOTE 4. PENSION PLAN (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Amount
2023	$ (20,843)
2024	(37,599)
2025	(62,340)
2026	(6,392)
2027	(9,035)

Actuarial Assumptions

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

Projected salary increases	2.25% plus service-based merit increases
Investment rate of return	7.375%
Cost of living adjustment	N/A

Morality rates for healthy retirees were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Mortality rates for disabled participants were based on the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25. The mortality rates for active participants were based on the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

The methods and assumptions used in the July 1, 2022 valuation were approved by the Board in December 2019 based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019 conducted by Segal in November and December of 2019. The mortality tables are projected generationally from 2012 to future years using 60% of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative.

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 allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class as of March 31, 2020, are summarized in the following table:

NOTE 4. PENSION PLAN (Continued)

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

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 contributions will be made at the current contribution rates. 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.

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%)
Net Pension Liability	$ 205,867	$ 51,963	$ (78,270)

NOTE 5. PERMISSIVE SALES TAX

On March 24, 2020, a referendum was passed by the voters of Montgomery County to impose a 1% special purpose tax on all retail taxable sales within the County. The tax became effective January 1, 2021, with an expiration date of December 31, 2026, or the raising of not more than $5,500,000, whichever comes first.

The Transportation Investment Act passed and was implemented beginning January 1, 2013 by the Heart of Georgia region of which City of Mount Vernon is a member. This is a 1% regional sales tax that will fund transportation improvements.

NOTE 6. RECEIVABLES

Receivables at December 31, 2022, consist of the following:

Fund	Description	Amount
Proprietary Fund		
Water/Sewer	Charges for services	$ 67,662
Total proprietary funds		$ 67,662
Governmental Funds		
General Fund	Franchise tax	$ 104,359
General Fund	LOST	23,884
General Fund	TAVT	5,102
General Fund	Fire service	2,250
General Fund	Garbage fees	21,363
SPLOST Fund	Special sales tax	43,914
TSPLOST Fund	Special sales tax	4,084
Total governmental funds		$ 204,956

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022
Governmental Activities				
Nondepreciable capital assets:				
Construction in progress	$ 105,170	$ 32,263	$ -	$ 137,433
Land	355,387	-	-	355,387
Total nondepreciable capital assets	460,557	32,263	-	492,820
Depreciable capital assets:				
Buildings	767,373	-	-	767,373
Equipment	1,514,532	139,678	-	1,654,210
Improvements	1,140,234	-	-	1,140,234
Total depreciable capital assets	3,422,139	139,678	-	3,561,817
Less accumulated depreciation for:				
Buildings	(581,898)	(36,402)	-	(618,300)
Equipment	(1,037,296)	(140,440)	-	(1,177,736)
Improvements	(484,220)	(76,294)	-	(560,514)
Total accumulated depreciation	(2,103,414)	(253,136)	-	(2,356,550)
Total depreciable capital assets, net	1,318,724	(113,458)	-	1,205,265
Governmental activities capital assets, net	$ 1,779,282	$ (81,195)	$ -	$ 1,698,085

NOTE 7. CAPITAL ASSETS (Continued)

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022
Business-type Activities				
Nondepreciable capital assets:				
Construction in progress	$ 71,901	$ 302,558	$ -	$ 374,459
Total nondepreciable capital assets	71,901	302,558	-	374,459
Depreciable capital assets:				
Water & sewer system	$ 5,182,527	$ -	$ -	$ 5,182,527
Equipment	415,637	-	-	415,637
Improvements	33,764	-	-	33,764
Total depreciable capital assets	5,631,928	-	-	5,631,928
Less accumulated depreciation for:				
Water & sewer system	(3,207,039)	(132,700)	-	(3,339,739)
Equipment	(350,416)	(18,353)	-	(368,769)
Improvements	(12,468)	(2,251)	-	(14,719)
Total accumulated depreciation	(3,569,923)	(153,304)	-	(3,723,227)
Total depreciable capital assets, net	2,062,005	(153,304)	-	1,908,702
Busines-type activities capital assets, net	$ 2,133,906	$ 149,254	$ -	$ 2,283,160

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
General government	$ 78,435
Public safety	6,539
Sanitation and environmental	49,503
Streets and highways	118,659
Total depreciation expense - governmental activities	$ 253,136

NOTE 8. NOTES PAYABLE

A summary of activity in long-term liabilities for the year ended December 31, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable to Mount Vernon Bank - 2018 Dodge Charger, interest rate of 3.50%, 8 quarterly payments, matures on 1/8/2022	$ 3,607	$ -	$ (3,607)	$ -	$ -
Caterpillar note, interest rate of 3.85%, 7 annual payments and balloon, matures on 12/17/2026	87,845	-	(11,146)	76,699	11,574
Note payable to Magnolia Bank, interest rate of 2.07%, monthly payments of principal & interest, matures in September 2026	229,614	-	(46,483)	183,131	47,455
Total governmental	$ 321,066	$ -	$ (61,236)	$ 259,830	$ 59,029

NOTE 8. NOTES PAYABLE (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds, interest rate of 3.00%, matures 4/1/2025	$ 145,618	$ -	$ (47,983)	$ 97,635	$ 45,696
GEFA note payable, interest rate of 3.00%, matures on 3/1/2025	147,640	-	(37,772)	109,868	38,922
GEFA note payable, interest rate of 3.89%, matures on 11/1/2025	480,212	-	(101,675)	378,537	105,701
GEFA note payable, interest rate of 2.40%, matures on 5/1/2035	223,439	-	(13,689)	209,750	14,021
Total business-type	$ 996,909	$ -	$ (201,119)	$ 795,790	$ 204,340

The following is a schedule of future principal and interest payments for long-term debt of governmental activities:

Year	Principal	Interest	Total
2023	$ 59,029	$ 6,292	$ 65,321
2024	60,466	4,855	65,321
2025	61,941	3,381	65,322
2026	78,394	1,889	80,283
2027	-	-	-
Totals	$ 259,830	$ 16,417	$ 276,247

NOTE 8. NOTES PAYABLE (Continued)

The following are schedules of future principal and interest payments for long-term debt for business-type activities:

Revenue bonds

Year	Principal	Interest	Total
2023	$ 45,696	$ 2,304	$ 48,000
2024	47,086	914	48,000
2025	4,853	14	4,867
2026	-	-	-
Totals	$ 97,635	$ 3,232	$ 100,867

GEFA notes

Year	Principal	Interest	Total
2023	$ 158,644	$ 20,495	$ 179,139
2024	164,346	14,792	179,138
2025	159,793	8,890	168,683
2026	63,782	4,307	68,089
2027	15,432	3,469	18,901
2028-2032	82,964	11,543	94,507
2033-2036	53,194	1,937	55,131
Totals	$ 698,155	$ 65,433	$ 763,588

NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Municipal Association Self-Insurance Workers Compensation Fund and the Association of City Commissioners of Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund (ACCG-IRMA), public entity risk pools currently operating as a 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 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 or loss. The City is also to allow the pool's agents and attorneys to represent the City in an 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 9. 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 worker's compensation law of Georgia. The funds are to pay all cost 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.

NOTE 10. JOINT VENTURE

Under Georgia law, the City of Mount Vernon, in conjunction with other municipalities in the seventeen-county central Georgia area, is a member of the Heart of Georgia Altamaha Regional Commission and is required to pay annual dues thereto. Membership in an RC is required by the official code of Georgia Annotated (OCGA) Section 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. OCGA 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:

Heart of Georgia Altamaha Regional Commission
5405 Oak Street
Eastman, Georgia 31023

NOTE 11. CONTINGENCIES

There are no contingencies or threatened litigation that would have a material effect on the financial statements.

NOTE 12. SUBSEQUENT EVENTS

The City assessed events that occurred subsequent to December 31, 2022, and through October 9, 2023, the date the financial statements were available to be issued. There were no events that would have a material effect on the financial statements and require adjustment or disclosure.

NOTE 13. RELATED ORGANIZATIONS

The Housing Authority of the City of Mount Vernon, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Mount Vernon, Georgia. The City of Mount Vernon, Georgia is not able to impose its will upon the Housing Authority, and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Mount Vernon, Georgia is a related organization.

NOTE 14. INTERFUND TRANSFERS

The ARPA Fund transferred $342,709 to the Water & Sewer Fund to help cover the cost of new water and sewer infrastructure. The SPLOST Fund transferred $125,804 to the Water & Sewer Fund to help with debt payments and capital expenditures. The Water & Sewer Fund transferred $108,372 to the General Fund to help cover the general government expenses, mainly salaries. The ARPA Fund also transferred $201,954 in capital outlays to the Water & Sewer Fund.

NOTE 15. FISCAL RESPONSIBILITY AND COMPLIANCE

For the year ended December 31, 2022, there were no instances where expenditures exceeded appropriations.

Required Supplementary Information

City of Mount Vernon, Georgia
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability
For the Years Ended December 31, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	$ 19,855	$ 19,160	$ 18,623	$ 19,137	$ 19,892	$ 19,057	$ 26,992	$ 25,176
Interest	96,410	90,227	83,947	78,584	69,940	65,953	57,667	52,134
Differences between expected and actual experience	(54,212)	(4,171)	16,395	970	49,471	(6,904)	48,922	22,969
Changes of assumptions	-	-	11,287	-	13,563	-	-	(2,216)
Changes of benefit terms	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(17,483)	(26,667)	(26,667)	(26,668)	(26,667)	(26,667)	(26,667)	(26,667)
Net change in total pension liability	$ 44,570	$ 78,549	$ 103,585	$ 72,023	$ 126,199	$ 51,439	$ 106,914	$ 71,396
Total pension liability - beginning	1,296,135	1,217,586	1,114,001	1,041,978	915,779	864,340	757,426	686,030
Total pension liability - ending (a)	$ 1,340,705	$1,296,135	$ 1,217,586	$ 1,114,001	$ 1,041,978	$ 915,779	$ 864,340	$ 757,426
Plan fiduciary net position								
Contributions - employer	$ 58,932	$ 54,266	$ 50,932	$ 47,366	$ 37,173	$ 55,818	$ 18,944	$ 34,080
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	71,672	362,178	(59,714)	28,396	85,667	75,492	1,599	53,107
Benefit payments, including refunds of employee contributions	(17,483)	(26,667)	(26,667)	(26,668)	(26,667)	(26,667)	(26,667)	(26,667)
Administrative expense	(3,610)	(3,454)	(3,790)	(3,690)	(3,640)	(3,750)	(2,340)	(2,103)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	$ 109,511	$ 386,323	$ (39,239)	$ 45,404	$ 92,533	$ 100,893	$ (8,464)	$ 58,417
Plan fiduciary net position - beginning	1,179,231	792,908	832,147	786,743	694,210	593,317	601,781	543,364
Plan fiduciary net position - ending (b)	$ 1,288,742	$1,179,231	$ 792,908	$ 832,147	$ 786,743	$ 694,210	$ 593,317	$ 601,781
City's net pension liability (assets) - ending (a) - (b)	$ 51,963	$ 116,904	$ 424,678	$ 281,854	$ 255,235	$ 221,569	$ 271,023	$ 155,645
Plan's fiduciary net position as a percentage of the total pension liability (asset)	96.12%	90.98%	65.12%	74.70%	75.50%	75.81%	68.64%	79.45%
Covered-employee payroll	$ 436,407	$ 511,178	$ 496,344	$ 423,122	$ 419,329	$ 402,570	$ 400,636	$ 404,572
Net pension liability as a percentage of covered-employee payroll	11.91%	22.87%	85.56%	66.61%	60.87%	55.04%	67.65%	38.47%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Mount Vernon, Georgia
Required Supplementary Information
Schedule of City Contributions
For the Years Ended December 31, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

		2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	*	$ -	$ 58,861	$ 52,734	$ 50,331	$ 40,387	$ 40,289	$ 37,627	$ 32,475
Contributions in relation to the acturarially determined contribution	*	-	53,956	56,928	53,093	48,213	45,673	35,051	16,238
Contribution deficiency (excess)	*	$ -	$ 4,905	$ (4,194)	$ (2,762)	$ (7,826)	$ (5,384)	$ 2,576	$ 16,237
Covered Employee Payroll		$ 436,407	$ 511,178	$ 496,344	$ 423,122	$ 419,329	$ 402,570	$ 400,636	$ 404,572
Contributions as a percentage of covered-employee payroll	*	0%	10.56%	11.47%	12.55%	11.50%	11.35%	8.75%	4.01%

* The 2022 information was not available at the the time of the actuarial report. These amounts will be determined after the fiscal year end and will be included in the 2023 valuation report.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

1. Changes in Assumptions

Amounts reported for the fiscal year ending in 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December 2019:

- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for
- active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct Scale SSA2019. Previously future mortality improvements were not explicitly projected.
- The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.
- The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.
- Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.
- Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.
- Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.
- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75% to 2.25%.

- The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.
- The investment return assumption was decreased from 7.50% to 7.375%

2. ***Benefit Changes***

There were no changes in benefit provisions in the last two fiscal years.

Other Supplementary Information

City of Mount Vernon, Georgia
SPLOST
Statement of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
For the Year Ended December 31, 2022

	Actual	Original Budget	Final Budget	Variance with Final Budget
Current Operating Revenues:				
Intergovernmental	$ 246,276	$ 210,000	$ 210,000	$ 36,276
Total	246,276	210,000	210,000	36,276
Expenditures:				
Current:				
General government	6,475	10,000	10,000	3,525
Public safety	-	-	-	-
Sanitation and environmental	14,546	25,000	15,000	454
Debt service:				
Principal	49,815	50,000	50,000	185
Interest	7,041	10,000	10,000	2,959
Capital outlays:				
General government	-	35,000	-	-
Streets and highways	30,075	40,000	40,000	9,925
Public safety	5,435	15,000	15,000	9,565
Sanitation and environmental	-	25,000	-	-
Total Expenses	113,387	210,000	140,000	26,613
Excess (deficiency) of revenues over expenditures	132,889	-	70,000	62,889
Other Financiang Sources (uses):				
Transfers in	-	-	-	-
Transfers out	(125,804)	-	-	(125,804)
Total other financing sources (uses)	(125,804)	-	-	(125,804)
Net change in fund balance	7,085	-	70,000	(62,915)
Fund balance, beginning of year	45,158	45,158	45,158	-
Fund balance, end of year	$ 52,243	$ 45,158	$ 115,158	$ (62,915)

City of Mount Vernon, Georgia
T-SPLOST
Statement of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
For the Year Ended December 31, 2022

	Actual	Original Budget	Final Budget	Variance with Final Budget
Revenues:				
Intergovernmental	$ 41,412	$ 75,000	$ 75,000	$ (33,588)
Total	41,412	75,000	75,000	(33,588)
Expenditures:				
Current:				
General government	-	-	-	-
Transportation	80,660	75,000	82,000	1,340
Public safety	-	-	-	-
Sanitation and environmental	-	-	-	-
Capital outlays:				
General government	-	-	-	-
Transportation	-	-	-	-
Public safety	-	-	-	-
Sanitation and environmental	-	-	-	-
Total Expenses	80,660	75,000	82,000	1,340
Excess (deficiency) of revenues over expenditures	(39,247)	-	(7,000)	(32,247)
Other Financiang Sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(39,247)	-	(7,000)	(32,247)
Fund balance, beginning of year	53,154	53,154	53,154	-
Fund balance, end of year	$ 13,907	$ 53,154	$ 46,154	$ (32,247)

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

Mayor and City Council
Mount Vernon, GA

We have audited, in accordance with 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 Mount Vernon, Georgia as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Mount Vernon's basic financial statements, and have issued our report thereon dated October 9, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Mount Vernon, Georgia's internal control over financial reporting as a basis for designing our auditing procedures 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 Mount Vernon, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Mount Vernon, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. During our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* that we consider a significant deficiency. Refer to Item 2022-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Mount Vernon, Georgia'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 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 Mount Vernon, Georgia's Responses to Findings

City of Mount Vernon, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the 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, and not to provide an opinion on the effectiveness of the City'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.

The Belleme Firm, LLC

Dublin, GA
October 9, 2023

City of Mount Vernon, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal Control over financial reporting:

Material weaknesses identified?	[ ]	Yes	[X]	No
Control deficiency (s) identified not considered to be material weaknesses?	[X]	Yes	[ ]	None reported
Noncompliance material to financial statements notes?	[ ]	Yes	[X]	No

Section II – Financial Statement Findings and Responses

Item 2022-1
Segregation of Duties

Findings:

Due to the limited number of office personnel, overlapping of duties exist in the City's operations, primarily in the area of cash receipts and disbursement. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected within a timely period.

Recommendation:

We recommend that management continue to exercise alert supervision of employees in order to protect the assets of the City.

Planned corrective action:

The City's management plans to exercise alert supervision of employees and continue good internal controls within the City's daily activities to prevent the lack of separation of duties from causing a fraudulent environment.

City of Mount Vernon, Georgia
Status of Prior Year Audit Findings
For the Year Ended December 31, 2022

Item 2021-1:

Segregation of Duties

Finding:

Due to the limited number of office personnel, overlapping of duties exist in the City's operations, primarily in the area of cash receipts and disbursement. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected within a timely period.

Auditee Response/Status:

Unresolved - see audit finding 2022-1

Item 2021-2

Expenditures Exceed Appropriations

Findings:

The City spent more during the year than was appropriated for general expenditures in the Hotel/Motel Fund by $3,445, and for transportation expenses in the T-SPLOST Fund by $14,500.

Auditee Response/Status:

The City's management monitored the budget more closely in the current year and adjusted appropriately as needed; therefore, there were no instances where expenditures exceeded appropriations.

City of Mount Vernon, Georgia
Schedule of Special Purpose
Local Option Sales Tax
For the Year Ended December 31, 2022

The special 1 % sales and use tax referendum was renewed for five additional years beginning January 1, 2021 and ending December 31, 2026.

For special sales tax proceeds from January 1, 2022 to December 31, 2022:

Project	Original Estimated Costs	Revised Estimated Costs	Expenditures			Percentage Completed
			Prior Years	Current Year	Estimated Total	
Public buildings and facilities	$ 100,000	$ 100,000	$ 19,800	$ 11,910	$ 31,710	32%
Water and sewage improvements	500,000	500,000	120,069	182,660	302,729	61%
Road and street improvements	589,179	589,179	-	14,546	14,546	2%
Equipment	200,000	200,000	74,224	30,075	104,299	52%
	$ 1,389,179	$ 1,389,179	$ 214,093	$ 239,191	$ 453,284	

Note 1: This schedule is prepared on the modified accrual basis of accounting.