CITY OF NAHUNTA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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ANNUAL FINANCIAL REPORT
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Nahunta, Georgia

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the City Nahunta, Georgia as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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 Nahunta, Georgia, as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis 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 City of Nahunta, 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 opinions.

Management's Responsibility 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 City of Nahunta, 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 Responsibility 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Nahunta, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Nahunta, 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 and pension information on pages 31 through 35 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 the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omission.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Nahunta, Georgia's basic financial statements. Other supplementary information is presented for purposes of additional analysis and is 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. 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 expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia Annotated Section, 48-8-121, and other supplementary schedules 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 a report dated December 23, 2024, on our consideration of the City of Nahunta, Georgia's internal control over financial reporting and 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 are 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 of Nahunta, Georgia's internal control over financial reporting and compliance.

Hurst & Hurst

Hurst and Hurst CPAs, LLC

Douglas, Georgia
December 23, 2024

BASIC FINANCIAL STATEMENTS

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

	PRIMARY GOVERNMENT		
	Government Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 1,196,883	$ 1,258,664	$ 2,455,547
Receivables, Net	54,009	81,054	135,063
Internal Balances	1,246,688	(1,246,688)	-
Prepaid Expenses	33,230	7,893	41,123
Receivables from Other Governments	507,955	-	507,955
Noncurrent Assets:			
Land & Improvements	17,500	-	17,500
Other Capital Assets, net	1,545,254	4,069,153	5,614,407
Total Assets	4,601,519	4,170,076	8,771,595
Deferred Outflows of Resources	135,809	28,851	164,660
Total Assets and Deferred Outflows of Resources	$ 4,737,328	$ 4,198,927	$ 8,936,255
LIABILITIES			
Current:			
Accounts Payable and Accrued Expenses	493,736	16,543	510,279
Customer Deposits Payable	-	78,704	78,704
Unearned Revenue	188,858	-	188,858
Compensated Absences Payable-Due within one year	8,431	-	8,431
Long-Term Balances -Due within one year	-	-	-
Noncurrent:			
Compensated Absences Payable-Due in more than one year	-	-	-
Long-Term Balances -Due in more than one year	-	1,310,369	1,310,369
Net Pension Liability	219,397	46,608	266,005
Total Liabilities	910,422	1,452,224	2,362,646
Deferred Inflows of Resources			
Pension Related	10,960	2,328	13,288
Total Liabilities and Deferred Inflows of Resources	921,382	1,454,552	2,375,934
NET POSITION			
Net Investment in Capital Assets	1,562,754	2,758,784	4,321,538
Restricted for:			
Capital Projects	636,238	-	636,238
Unrestricted (deficit)	1,616,954	(14,409)	1,602,545
Total Net Position	3,815,946	2,744,375	6,560,321
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 4,737,328	$ 4,198,927	$ 8,936,255

The notes to the financial statements are an integral part of this report.

CITY OF NAHUNTA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	NET (EXPENSE) REVENUE CHANGES IN NET POSITION: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary Government:							
Governmental Activities:							
General Government	$ 387,884	$ 35,975	$ 185,865	$ -	$ (166,044)	$ -	$ (166,044)
Judicial	36,468	-	-	-	(36,468)	-	(36,468)
Public Safety	336,023	145,397	-	-	(190,626)	-	(190,626)
Public Works	373,144	2,597	304,508	661,188	595,149	-	595,149
Health and Welfare	-	-		-	-	-	-
Total Governmental Activities	1,133,519	183,969	490,373	661,188	202,011	-	202,011
Business-Type Activities:							
Public Utilities-Water & Sewer	677,093	692,229	-	-	-	15,136	15,136
Solid Waste	93,055	99,535	-	-	-	6,480	6,480
Total Business-Type Activities	770,148	791,764	-	-	-	21,616	21,616
Total Primary Government	$ 1,903,667	$ 975,733	$ 490,373	$ 661,188	202,011	21,616	223,627
General Revenues:							
General Property Tax					456,682	-	456,682
General Sales/Use Tax					322,843	-	322,843
Selective Sales/Use Tax					34,924	-	34,924
Business Tax					94,334	-	94,334
Other Revenues					6,000	59	6,059
Total General Revenues					914,783	59	914,842
Transfers					(477,381)	477,381	-
Total General Revenues and Transfers					437,402	477,440	914,842
Change in Net Position					639,413	499,056	1,138,469
Net Position - Beginning					3,176,537	2,245,319	5,421,856
Net Position - Ending					$ 3,815,946	$ 2,744,375	$ 6,560,321

The notes to the financial statements are an integral part of this report.

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

	Major Governmental Funds					Total
	General Fund	ARPA Fund	SPLOST Fund	T-SPLOST Fund	CDBG Fund	Governmental Funds
ASSETS						
Cash and Cash Equivalents	$ 414,934	$ 148,693	$ 550,424	$ 82,732	$ 100	$ 1,196,883
Receivables, net	51,027	-	-	2,982	-	54,009
Due from Other Funds	1,246,688	40,165	-	-	-	1,286,853
Receivables from Other Governments	30,574	-	-	-	477,381	507,955
Prepaid Items	33,230	-	-	-	-	33,230
Total Assets	$ 1,776,453	$ 188,858	$ 550,424	$ 85,714	$ 477,481	$ 3,078,930
LIABILITIES						
Accounts Payable & Accrued Expenses	$ 16,355	$ -	$ -	$ -	$ 477,381	$ 493,736
Unearned Revenue	-	188,858	-	-	-	188,858
Due to Other Funds	40,165	-	-	-	-	40,165
Total Liabilities	56,520	188,858	-	-	477,381	722,759
Deferred Inflows of Resources:						
Unavailable Revenue	44,980	-	-	-	-	44,980
Total Liabilities and Deferred Inflows of Resources	101,500	188,858	-	-	477,381	767,739
Fund Balance:						
Nonspendable	33,230	-	-	-	-	33,230
Restricted:						
Capital Projects	-	-	550,424	85,714	100	636,238
Unassigned	1,641,723	-	-	-	-	1,641,723
Total Fund Balances	1,674,953	-	550,424	85,714	100	2,311,191
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,776,453	$ 188,858	$ 550,424	$ 85,714	$ 477,481	$ 3,078,930

The notes to the financial statements are an integral part of this report.

CITY OF NAHUNTA, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balances for governmental funds		$ 2,311,191
The net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Cost of Capital Assets	3,139,283	
Less accumulated depreciation	(1,576,529)	
		1,562,754
Some long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds		
Property Taxes	44,980	
Differences between Expected and Actual Experience in Pension Plan	100,809	
Changes in Assumptions in Pension Plan	20,996	
Pension Contributions Subsequent to Measurement Date	14,004	
		180,789
Some long-term liabilities are not payable in the current period and therefore, are deferred in the funds		
Differences between Expected and Actual Experience in Pension Plan	(10,960)	
Changes in Assumptions in Pension Plan	-	
Net Differences between Projected and Actual Earnings on Pension Plan Investments	-	
		(10,960)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds		
Compensated Absences	(8,431)	
Net Pension Liability	(219,397)	
		(227,828)
Total net position of governmental activities		$ 3,815,946

The notes to the financial statements are an integral part of this report.

CITY OF NAHUNTA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Major Governmental Funds					Total
	General Fund	ARPA Fund	SPLOST Fund	T-SPLOST Fund	CDBG Fund	Governmental Funds
REVENUES:						
Taxes	$ 896,027	$ -	$ -	$ -	$ -	$ 896,027
License & Permits	32,425	-	-	-	-	32,425
Intergovernmental Revenues	67,225	185,865	116,582	304,508	477,381	1,151,561
Charges for Services	10,203	-	-	-	-	10,203
Fines & Forfeitures	129,194	-	-	-	-	129,194
Other Revenues	18,147	-	-	-	-	18,147
Total Revenues	1,153,221	185,865	116,582	304,508	477,381	2,237,557
EXPENDITURES:						
Current:						
General Government	317,913	-	-	-	-	317,913
Judicial	36,468	-	-	-	-	36,468
Public Safety	377,556	185,865	-	-	-	563,421
Public Works	281,766	-	-	268,481	-	550,247
Capital Outlay	-	-	2,203	-	477,381	479,584
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	1,013,703	185,865	2,203	268,481	477,381	1,947,633
Excess (Deficiency) of Revenues Over (Under) Expenditures	139,518	-	114,379	36,027	-	289,924
OTHER FINANCING SOURCES (USES):						
Transfers In (Out)	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-
Total Other Financing Sources(Uses)	-	-	-	-	-	-
Net Change in Fund Balances	139,518	-	114,379	36,027	-	289,924
Fund Balances - Beginning	1,535,435	-	436,045	49,687	100	2,021,267
Fund Balances - Ending	$ 1,674,953	$ -	$ 550,424	$ 85,714	$ 100	$ 2,311,191

The notes to the financial statements are an integral part of this report.

CITY OF NAHUNTA, GEORGIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net Change in fund balances - total governmental funds			$ 289,924
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:			
	Depreciation Expense	(124,184)	
	Capital Outlay	509,774	
	Net Adjustment		385,590
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 any effect on net position. This amount is the net effect of these differences in the treatment of Long-Term debt and related items.			
	New Debt Incurred	-	
	Repayments	-	-
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds			
	Pension Liability Adjustments	(46,138)	
	Compensated Absences	(2,719)	(48,857)
Some property tax will not be collected for several months after the city's fiscal year end, therefore, they are not considered "available" revenues in the governmental funds			12,754
Change in net position of governmental activities			$ 639,413

The notes to the financial statements are an integral part of this report.

CITY OF NAHUNTA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-Type Activities-Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
ASSETS			
Current Assets:			
Cash & Cash Equivalents	$ 1,193,213	$ 65,451	$ 1,258,664
Receivables, net	76,850	4,204	81,054
Prepaids	7,893	-	7,893
Due From Other Funds	-	62,487	62,487
Total Current Assets	1,277,956	132,142	1,410,098
Noncurrent Assets:			
Capital Assets, Net of Accumulated Depreciation:	4,069,153	-	4,069,153
Total Assets	5,347,109	132,142	5,479,251
Deferred Outflows of Resources	28,851	-	28,851
Total Assets and Deferred Outflows of Resources	$ 5,375,960	$ 132,142	$ 5,508,102
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	$ 16,543	$ -	$ 16,543
Customer Deposits	78,704	-	78,704
Due to Other Funds	1,290,492	18,683	1,309,175
Current Portion of Long Term Debt	-	-	-
Total Current Liabilities	1,385,739	18,683	1,404,422
Noncurrent Liabilities:			
Long-term Debt, net of current portion	1,310,369	-	1,310,369
Net Pension Liability	46,608	-	46,608
Total Noncurrent Liabilities	1,356,977	-	1,356,977
Total Liabilities	2,742,716	18,683	2,761,399
Deferred Inflows of Resources	2,328	-	2,328
Total Liabilities and Deferred Inflows of Resources	2,745,044	18,683	2,763,727
NET POSITION			
Net Investment in Capital Assets	2,758,784	-	2,758,784
Restricted	-	-	-
Unrestricted	(127,868)	113,459	(14,409)
Total Net Position	2,630,916	113,459	2,744,375
Total Liabilities, Deferred Inflows of Resources & Net Position	$ 5,375,960	$ 132,142	$ 5,508,102

The notes to the financial statements are an integral part of this report.

CITY OF NAHUNTA, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities-Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
Operating Revenues:			
Charges for Services	$ 684,455	$ 99,535	$ 783,990
Miscellaneous	7,774	-	7,774
Total Operating Revenues	692,229	99,535	791,764
Operating Expenses			
Personal Services	130,662	-	130,662
Contractual Services	141,412	93,055	234,467
Supplies, Repairs, Maintenance	194,468	-	194,468
Depreciation	178,164	-	178,164
Total Operating Expenses	644,706	93,055	737,761
Income (loss) from Operations	47,523	6,480	54,003
Nonoperating Revenues (Expenses):			
Investment Income	59	-	59
Interest Expense	(32,387)	-	(32,387)
Total Nonoperating Revenues (Expenses)	(32,328)	-	(32,328)
Income (loss) before Contributions and Transfers	15,195	6,480	21,675
Capital Contributions	477,381	-	477,381
Transfers In/(Out)	-	-	-
Change in Net Position	492,576	6,480	499,056
Net Position at Beginning of Year	2,138,340	106,979	2,245,319
Net Position at End of Year	$ 2,630,916	$ 113,459	$ 2,744,375

The notes to the financial statements are an integral part of this report.

CITY OF NAHUNTA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities-Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 701,324	$ 79,650	$ 780,974
Cash Payments to Employees for Services and Benefits	(123,907)	-	(123,907)
Cash Payments to Suppliers for Goods and Services	(186,982)	(87,035)	(274,017)
Net Cash Provided (Used) by Operating Activities	390,435	(7,385)	383,050
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(1,444,853)	-	(1,444,853)
Loan Proceeds Received	1,310,369	-	1,310,369
Interest Payment on Note Payable	(32,387)	-	(32,387)
Net Cash Provided (Used) by Capital and Related Financing Activities	(166,871)	-	(166,871)
Cash Flows from Investing Activites:			
Receipt of Interest	59	-	59
Net Increase (Decrease) in Cash and Cash Investments	223,623	(7,385)	216,238
Cash and Cash Investments, July 1	969,590	72,836	1,042,426
Cash and Cash Investments, June 30	$ 1,193,213	$ 65,451	$ 1,258,664
Reconciliation of Income (loss) from Operations to Net Cash Provided (Used) by Operating Activities:			
Income (loss) from Operations	$ 47,523	$ 6,480	$ 54,003
Adjustments to Reconcile Income (loss) from Operations to Net Cash Provided (Used) by Operating Activities:			
Depreciation	178,164	-	178,164
Change in Assets and Liabilities:			
(Increase) Decrease in Receivables	(8,905)	-	(8,905)
(Increase) Decrease in Prepaids	(2,780)	-	(2,780)
(Increase) Decrease in Deferred Outflows	4,426	-	4,426
(Increase) Decrease in Due from Other Funds	-	(19,885)	(19,885)
Increase (Decrease) in Accounts Payable	13,022	-	13,022
Increase (Decrease) in Customer Deposits Payable	18,000	-	18,000
Increase (Decrease) in Due to Other Funds	138,656	6,020	144,676
Increase (Decrease) in Deferred Inflows	(3,410)	-	(3,410)
Increase (Decrease) in Net Pension Liability	5,739	-	5,739
Net Cash Provided (Used) by Operating Activities	$ 390,435	$ (7,385)	$ 383,050
Supplementary Info:			
Non-Cash Transactions:			
Capital Contributions Received	$ 477,381	$ -	$ 477,381
Interest Paid	$ 23,233	$ -	$ 23,233

The notes to the financial statements are an integral part of this report.

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The accounting methods and procedures adopted by the City of Nahunta, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Annual Financial Report.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City operates under a council/mayor form of government and provides the following services: public safety, highways and streets, public improvements, and general and administrative services. In addition, the City operates two enterprise funds (water and sewer and sanitation) for the incorporated and immediate surrounding areas.

The financial statements of the City of Nahunta, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Generally accepted accounting principles require these financial statements to present the City of Nahunta (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on this definition, there are no component units.

B. Basis of Presentation, Measurement Focus, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues and expenses, such as charges for services and cost of services and administration, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating items not meeting these definitions are reported as nonoperating revenues or expenses, and/or result from nonexchange transactions or ancillary activities.

General Fund – General Fund is the main operating fund of the City. The fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The City maintains two special revenue funds: the T-Splost Fund and the American Rescue Plan Act fund (ARPA).

Capital Project Funds – Capital Project Funds are used to account for the expenditures related to a specific project. The City maintains two capital project funds: the Splost Fund & the CDBG Fund.

Water & Sewer Fund – The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Sanitation Fund – The Sanitation Fund is used to account for operations of solid waste collection and disposal services. All costs are funded through charges to sanitation customers.

Measurement Focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund Revenues. Expenditures are recorded when the related fund liabilities incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

C. Budgets

The City follows these procedures in establishing the budgetary data for the funds reflected in the financial statements:

1. Prior to June 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and means of financing them.
2. Public hearings are conducted to obtain taxpayer comments. The City Council approves, by ordinance, total department budget appropriations. Therefore, the level of budgetary responsibility is by department appropriations; however, for reporting purposes, this level has been expended to a functional basis (General Government, Public Safety, etc.)
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the fiscal year.
4. The Budget amounts shown in the financial statements are the final authorized amount as revised during the year.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budget for the general fund is prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, and certain non-operating income and expense items are not considered. Annual appropriated budgets are adopted for the special revenue funds and the debt service fund, if any.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations, which were adopted.

For the year ended June 30, 2024, an annual budget was adopted for all funds. OCGA 36-81-3(b) requires an annual balanced budget for the general fund, and each special revenue fund. Require a project-length balanced budget. Capital project funds.

The legal level of budgetary control for the City of Nahunta is at the department level.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund presents a comparison of budgetary data to actual results.

D. Cash, Investments and Cash Equivalents

Cash consists of demand deposits held in banks. Any bank deposits in excess of FDIC insured amounts must be secured by an equivalent amount of State of Georgia or U.S. obligations or direct loans to the City. For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or governmental agency
- Prime banker's acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

State Statutes require all deposits to be collateralized by depository insurance, obligations of the United States or certain obligations guaranteed by the U.S. Government, obligations of the State of Georgia or bonds of public or development authorities, counties, or municipalities of the State of Georgia. The acceptable collateral pledged in the City's name is composed of bonds of U.S. Government agencies and bonds of the State of Georgia and its public authorities, counties, and municipalities.

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. Obligations.

E. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at fiscal year-end lapse and must be re-budgeted.

F. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items at both reporting levels using the consumption method by recording as asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level and equal amount of fund balance is reserved as this amount is not available for general appropriation.

H. Restricted Assets

Restricted assets represent resources segregated as required by bond ordinances, lease agreements and policies of the City.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statement for proprietary funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one hundred dollars. The City's infrastructure consists of roads, curbs, and gutters, sidewalks, bridges, drainage, traffic signals, and water and sewer lines. Improvements to capital assets 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 expensed. Interest incurred during the construction of capital assets utilized by the proprietary funds is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	25 - 50 Years
Water and Sewer System	30 - 50 Years
Infrastructure	20 - 35 Years
Machinery and Equipment	5 - 10 Years
Improvements	20 Years

J. Accumulated Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation that will be paid to employees upon separation for City's service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Accumulated sick pay benefits have not been recorded as a liability because the payment of benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

In accordance with the provisions of Statement of Governmental Accounting Standards No 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

K. Fund Equity

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

Fund Balance- Fund balances may be classified as follows:

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

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

- Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through a motion. The fund balance must result from a specific revenue stream committed for a specific purpose. Only the City Council may modify or rescind the commitment.

- Assigned – Fund balances are reported as assigned when amounts are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed. By motion, only the City Council can authorize an assignment of fund balances. Also, any of the fund balance reported at year end that is included in the subsequent year's budget is reported as assigned.

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

Fund Balance Flow Assumptions – It is the City's policy to consider restricted fund balance to have been used before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, 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, consists of capital assets, net of accumulated depreciation, plus any outstanding balances of borrowing 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 their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All remaining net position is reported as unrestricted.

Net Position Flow Assumption - In order to report net position as a restricted net position and an unrestricted net position in the government wide and proprietary fund financial statements, the City has established a flow assumption policy. It is the City's policy to use restricted net position first before using unrestricted net position.

L. Bond Discounts/Issuance Costs

Debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs, financing costs, and related costs. Debt issue costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt. Bond discounts are presented as a reduction of the face amount of bonds payable.

M. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or 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(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a 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 amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

O. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported below general revenues as the last item before the change in net positions. Transfers between funds reported in the governmental activities column are eliminated.

P. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

The City had the following general fund department(s) with expenditures in excess of appropriations for the fiscal year ended June 30, 2024:

	Appropriations	Expenditures	Variance
General Fund:			
City Council	$ 14,468	$ 21,939	$ (7,471)
Mayor	15,810	16,656	(846)
Elections	4,800	5,421	(621)
Police Protection	304,090	377,556	(73,466)

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. Investments

The City maintains separate investment accounts for each fund. The City's investments consist only of Certificates of Deposits.

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

Credit Risk. State statutes require that all deposits in financial institutions be fully collateralized by U.S Government obligations or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by. The City allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) negotiable certificate of deposits issued by any bank or trust company organized under the laws or any state of the United States and (3) any repurchase agreement organized under the laws of any state of the United States having a nationally recognized investment firm rating of A or higher.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. The City invested only in certificates of deposits.

B. Receivables

Amounts were recorded in the basic financial statements as receivables (amounts due to the City) as follows:

	Taxes	Accounts	Other Governments	Total
Governmental Activities:				
General	51,027	-	30,574	81,601
T-Splost	2,982	-	-	2,982
CDBG	-	-	477,381	477,381
	54,009	-	507,955	561,964
Business-Type Activites:				
Water & Sewer:	-	78,419	-	78,419
Sanitation:	-	4,204	-	4,204
Allowance for Uncollectible	-	(1,568)	-	(1,568)
Total Business-Type Activites (net):	$ -	$ 81,054	$ -	$ 81,054

NOTE 4: CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2024, was as follows:

	Balance July 1	Increases	Decreases	Balance June 30
Governmental Activities:				
Capital Assets, Not being Depreciated:				
Land	$ 17,500	$ -	$ -	$ 17,500
Construction in Progress	-	-		-
Total Capital Assets, Not being Depreciated	17,500	-	-	17,500
Capital Assets, Being Depreciated:				
Buildings	347,694	112,577	-	460,271
Equipment	797,496	128,716	-	926,211
Infrastructure	1,466,820	268,481	-	1,735,301
Total Capital Assets, Being Depreciated	2,612,009	509,774	-	3,121,783
Less Accumulated Depreciation:				
Buildings	(271,165)	(13,260)	-	(284,425)
Equipment	(712,254)	(29,753)	-	(742,007)
Infrastructure	(468,925)	(81,172)	-	(550,096)
Total Accumulated Depreciation	(1,452,344)	(124,184)	-	(1,576,529)
Total Capital Assets, Being Depreciated, Net	1,159,665	633,958	-	1,545,254
Governmental Activities Capital Assets, Net	$ 1,177,165	$ 633,958	$ -	$ 1,562,754

Depreciation Expense was charged to Governmental Activities and Business-Type Activities as follows:

Governmental Activities:	
General and Administrative	$ 21,114
Public Safety	13,895
Public Works	89,175
Total Depreciation Expense	$ 124,184
Business-Type Activities:	
Water & Sewer	178,164
Total Depreciation Expense	$ 178,164

Capital asset activity for business-type activities for the year ended June 30, 2024 was as follows:

	Balance July 1	Increases	Decreases	Balance June 30
Business-Type Activities:				
Capital Assets, Not being Depreciated:				
Land	$ 88,450	$ -	$ -	$ 88,450
Construction in Progress	205,444	1,922,234	-	2,127,678
Total Capital Assets, Not being Depreciated	293,894	1,922,234	-	2,216,128
Capital Assets, Being Depreciated:				
Buildings	45,953	-	-	45,953
Equipment	1,021,404	-	-	1,021,404
Infrastructure	4,067,002	-	-	4,067,002
Water Tower Improvements	418,494	-	-	418,494
Total Capital Assets, Being Depreciated	5,552,853	-	-	5,552,853
Less Accumulated Depreciation:				
Buildings	(31,082)	(682)	-	(31,763)
Equipment	(641,851)	(38,928)	-	(680,780)
Infrastructure	(2,530,837)	(96,704)	-	(2,627,542)
Water Tower Improvements	(317,893)	(41,849)	-	(359,743)
Total Accumulated Depreciation	(3,521,664)	(178,164)	-	(3,699,827)
Total Capital Assets, Being Depreciated, Net	2,031,189	178,164	-	1,853,026
Business-Type Activities Capital Assets, Net	$ 2,325,083	$ 2,100,398	$ -	$ 4,069,154

NOTE 5: INTERFUND BALANCES AND ACTIVITY

The following interfund balances existed at June 30, 2024:

Governmental Activities:	Receivable	(Payable)
General Fund:		
Due from Water and Sewer Fund	$ 1,228,005	$ -
Due from Sanitation Fund	18,683	-
Due to ARPA Fund	-	40,165
ARPA Fund:		
Due from General Fund	40,165	-
Business-Type Activites:		
Water and Sewer Fund:		
Due to General Fund	-	1,228,005
Due to Sanitation Fund	-	62,487
Sanitation Fund:		
Due from Water and Sewer Fund	62,487	-
Due to General Fund	-	18,683
Total	$ 1,349,340	$ 1,349,340

The interfund balances represent reimbursable expenses paid by the General Fund for other funds. The Water & Sewer and Sanitation Funds currently write checks only to reimburse the General Fund. The balances result from time lag between the dates that transactions recorded in the accounting system and payments between funds are made. The City plans to work to repay all interfund balances within one year.

NOTE 6: LONG-TERM OBLIGATIONS

A. Governmental Activities Debt

The City has had no long-term debt outstanding for its governmental activities as of June 30, 2024.

B. Business-Type Activity Debt

On February 21, 2024, the City obtained a loan with Southeastern Bank in the amount of up to $6,262,000 for the purpose of short-term financing its waste water treatment plan project. The note is due in full December 31, 2024, and bears interest at 8.5%. Interest only payments are due monthly. It is the City's intent to obtain long-term financing via issuing revenue bonds via the USDA once the project is completed. At June 30, 2024, the City had drawn a total of $1,310,369 of the available balance and recorded an interest payable balance of $9,154.24 due for June 2024. As of the date these financial statements were available to be issued, the City has finalized its long-term financing of the project as described above, with no payments due during the subsequent fiscal year, therefore, the entire balance of the loan at June 30, 2024, has been recorded as a long-term payable.

C. Long-term Liability Activity

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 5,712	$ 2,719	$ -	$ 8,431	$ 8,431
Total	$ 5,712	$ 2,719	$ -	$ 8,431	$ 8,431
Business-Type Activities:					
Loan Payable	-	1,310,369	-	1,310,369	-
Total	$ -	$ 1,310,369	$ -	$ 1,310,369	$ -

NOTE 7: CONTINGENCIES AND COMMITMENTS

A. Grants

The City receives grant funds, principally from the U.S. Government for various programs. Expenditures from these grants are subject to audit and the City is contingently liable to refund amounts received in excess of allowable expenditures.

B. Litigation

The City is, from time to time, defendant in various lawsuits. The City records liabilities resulting from claims and legal actions only when they become probable and measurable. No additional accrual or disclosure of these lawsuits is required for the current period.

NOTE 8: 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 the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle, and property damage risks.

Chapter 85 of title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self-insurance funds and a risk management services to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contact and related coverage descriptions any member of GIRMA against liability or loss.

The City must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agent's reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allows attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund or funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorney's, claims adjustors, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To furnish GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA or any fund established by GIRMA being required to pay claim for loss or injuries to municipal

property or injuries to persons or property when such loss or injury is within the scope of the protection of a fund or funds in which the City participates.

The City of Nahunta retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to $1,000 deductible.

The City of Nahunta is also a member of the Worker's Compensation Self Insurance Fund. The City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund 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 covered by the fund. The fund is to defend, in instituted against them on account of injuries or death within the preview of the Worker's Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of the judgement, and all expenses incurred for the investigation, negotiation or defense.

NOTE 9: JOINT VENTURE

The City of Nahunta, Georgia, in conjunction with cities and counties in the eight (8) county Southeast Georgia area are members of the Southern Georgia Regional Commission (SGRC). Membership in an SGRC is automatic for municipalities and counties in the state. The official code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the SGRCs. Each county and municipality in the state is required by law to pay the minimum annual dues to the SGRC. The SGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and the municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the nonpublic Board member from a County.

The Georgia Planning Act of 1989 (O.C.G.A 50-8-39.1) defines SGRC's as "public agencies and instrumentalities of their members". Georgia law also provides that the member governments are liable for any debts or obligations of an SGRC beyond its resources. (O.C.G.A. 50-8-39.1) The financial statements of the SGRC can be obtained from the SGRC board.

The Housing Authority of the City of Nahunta is considered a related organization based upon the criteria of the GASB Statement 10. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Nahunta. The City 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 is a related organization.

NOTE 10: PROPERTY TAX

Property taxes are assessed and attached as an enforceable lien on property as of January 1. The City levies property taxes each year. The due date for these taxes is January 20th. The City's property taxes are billed and collected by the Brantley County Tax Commissioner and remitted to the City monthly. City property tax revenues are recognized when levied to the extent that they result in current receivables. An allowance for uncollectible taxes is established for delinquent taxes to the extent that their collectability is improbable.

NOTE 11: PENSION AND EMPLOYEES BENEFIT PLAN

A. Pension Plan

Peace Officers Annuity and Benefit Fund
The Police Chief and policemen are covered under separate pension plans which require that certain sums from fines or bonds forfeited be remitted to the pension plans before the payment of any costs or other claims.

Plan Description
The City of Nahunta, Georgia maintains a multiple-employer, defined benefit pension plan (Public Employees Retirement System) which covers all of its employees and elected officials, and participants in the statewide local government retirement system, a multiple-employer, public employee pension plan which covers substantially all of the City's employees. The City of Nahunta Retirement Plan is administered by the Georgia Municipal Employee Benefit System (GMEBS). GMEBS is an agent multiple employer defined benefit plan.
Benefit provisions and all other requirements are established by state statute and local ordinance. 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

Georgia Municipal Employees Benefit System issues a stand-alone financial report, and a copy of this report can be obtained from the Georgia Municipal Association, 201 Pryor Street, S.W., Atlanta, Georgia 30303.

Employees are not obligated to make contributions to the pension plan. The City's contribution obligation consists of three parts 1) normal cost, i.e. plan benefits and administration expenses, 2) amortization of un-funded actuarial accrued liability, and 3) interest assumed from valuation date to the date contributions are paid.

Effective January 1, 2015, the Plan was amended to provide for immediate participation for full-time employees. This change has no impact on service credited under the Plan and has no impact on benefits. The plan defines a full-time employee as one working at least 30 hours per week. Employees are fully vested after 10 years of service. Retirement benefits are 1.75% of final average earnings times years of credited service. Final average earnings are an average of the 5 highest consecutive years' earnings. Normal retirement is age 65 with 5 years of credited service.

Early retirement with reduced benefits is permitted between the ages 55 and 70 with 10 years of credited service.

Membership of the plan consisted of the following at January 1, 2024, the date of the latest actuarial valuation:

Retirees and Beneficiaries Currently Receiving Benefits	2
Terminated and Vested Participants Not Receiving Benefits	8
Active Vested Participants	6
Nonvested Participants	3
Total Participants	19

The contributions from the City of Nahunta, Georgia to the plan are determined under the projected unit credit actuarial cost method. The period and related method for amortizing the initial unfunded actuarial accrued liability is 30 years from 1996 and the current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount.

These amortization periods, if applicable are open for this plan year. The method used to determine the actuarial value of assets is to roll forward prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of the amount that market value of assets exceeds expected actuarial value of assets. The recommended contribution for the City of Nahunta, Georgia for the actuarial period ended January 1, 2024 was $52,459 which is 9.36% of covered payroll.

Plan Disclosures
Effective July 1, 2013, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25,* which significantly changed the disclosures required related to the Plan. The information presented below is presented in accordance with this new standard

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to the Plan
Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the plan in effect as of January 1, 2024.

For the year ended June 30, 2024, the City recognized pension expense of $79,914. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

The following schedule reconciles the differences between the beginning and ending net pension (asset)/liability for the year ended June 30, 2024:

	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset)/Liability
Balances at September 30, 2022	$ 669,724	$ 480,431	$ 189,293
Changes for The Year:			
Service Cost	17,437	-	17,437
Interest	50,168	-	50,168
Difference between Expected and Actual Experience	89,084	-	89,084
Contributions - Employer	-	18,845	(18,845)
Contributions - Employee	-	-	-
Net Investment Income	-	64,501	(64,501)
Benefit Payments, Including Refunds of Employee Contributions	(13,825)	(13,825)	-
Administrative Expense	-	(3,369)	3,369
Other Changes	-	-	-
Net Changes	142,864	66,152	76,712
Balances at September 30, 2023	$ 812,588	$ 546,583	$ 266,005

At June 30, 2024, 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
Pension Contributions Subsequent to Measurement Date	$ 16,979	$ -
Difference between Actual and Expected Experience	122,225	(13,288)
Changes in Assumptions	-	-
Net Difference between Projected and Actual Earnings on Plan Investments	25,456	-
Total	$ 164,660	$ (13,288)

$16,979 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	$ 40,544	$ -
2026	$ 55,817	$ -
2027	$ 43,834	$ -
2028	$ -	$ (5,802)
Thereafter	$ -	$ -

Net Pension (Asset)/ Liability

The three components of the net pension (asset)/liability of the City at June 30, 2024 were as follows:

Total Pension Liability	$	812,588
Plan Fiduciary Net Position		546,583
City's Net Pension (Asset)/ Liability	$	266,005
Plan Fiduciary Net Position as a % of The Total Pension (Asset)/Liability		67.26%

Actuarial assumptions

The required schedule of changes in the City's net pension (asset)/liability and related ratios immediately follow the notes to the financial statements and present multiyear trend information about whether the value of Plan assets is increasing or decreasing over time relative to the total pension liability.

The total pension liability was determined by an actuarial valuation as of June 30, 2024. The following actuarial assumptions applied to all periods included in the measurement and were based on an actuarial study performed September 2023:

Inflation	2.25%
Projected Salary	2.25%
Investment Rate of Return	7.375%

Mortality rates were based upon the Pri-2012 head-counted weighted Mortality Table, which contained sex-distinct and disabled rates.

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 investment return assumption was decreased from 7.5% to 7.375%
- The inflation assumption was decreased from 2.75% to 2.25%
- 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 Health 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.

Discount Rate

The discount rates used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made equal to the actuarial determined contribution rate. Based on this assumption, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension (asset)/liability to changes in the discount rate. The following presents the net pension (asset)/liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension (asset)/liability would be if it were calculated using a discount rate that is 1% lower (6.375%), or 1% higher (8.375%) than the current rate:

	1% Decrease 6.375%	Current Rate 7.375%	1% Increase 8.375%
City's Net Pension (Asset)/Liability	$ 374,711	$ 266,005	$ 172,986

B. Deferred Compensation Plan

The City maintains a deferred compensation plan which is available to all employees. The Public Employees Benefit Services Corporation (PEBSCO) is the independent plan administrator. The plan, which complies with Section 457 of the Internal Revenue Code (Deferred Compensation Plans with Respect to Service for State and Local Governments), has been approved by a private letter ruling from the Internal Revenue Service. Employees who choose to participate may elect the amount of their contributions, within legal limits, and defer federal income taxation on that portion of their salaries and the earnings thereon.

The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. Under the revised terms of IRC Section 457, the employee's contributions and all income attributable to the investment of such amounts have been placed in trust by the City and are the property of the participants or their beneficiaries.

NOTE 12: SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through December 23, 2024 (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has identified the following event for disclosure in these financial statements:

- On December 17, 2024, the City issued two revenue bonds - Series A Revenue Bond of $4,136,000 and Series B Bond of $2,126,000 for the long-term financing of its water treatment project. The bonds require principal and interest payments annually for 40 years and bear interest at 1.25% and 2.125% respectively. Proceeds from the issuance of these bonds were used to re-finance the business-type activity's long-term obligation discussed in Note 6.B of these financials.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NAHUNTA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - Non-GAAP Budget Basis *
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Non-GAAP*	Variance with Final Budget
	Original	Final	Budget Basis	Positive (Negative)
REVENUES:				
Taxes	$ 850,443	$ 850,443	$ 896,027	$ 45,584
License & Permits	36,370	36,370	32,425	(3,945)
Intergovernmental Revenues	28,748	28,748	67,225	38,477
Charges for Services	755	755	10,203	9,448
Fines & Forfeitures	51,600	51,600	129,194	77,594
Other Revenues	37,050	37,050	18,147	(18,903)
Total Revenues	1,004,966	1,004,966	1,153,221	148,255
EXPENDITURES:				
Current:				
General Government:				
City Council	14,468	14,468	21,939	(7,471)
Mayor	15,810	15,810	16,656	(846)
Elections	4,800	4,800	5,421	(621)
Admin/Finance	300,000	300,000	273,897	26,103
Judicial:				
Municipal Court	40,600	40,600	36,468	4,132
Public Safety:				
Police Protection	304,090	304,090	377,556	(73,466)
Public Works:				
Highways and Streets	307,198	307,198	281,766	25,432
Contingency	18,000	18,000	-	18,000
Total Expenditures	1,004,966	1,004,966	1,013,703	(8,737)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	139,518	139,518
OTHER FINANCING SOURCES (USES):				
Proceeds from Long-Term Debt	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources(Uses)	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	139,518	$ 139,518
Fund Balances - Beginning			1,535,435	
Fund Balances - Ending			$ 1,674,953	

CITY OF NAHUNTA, GEORGIA
ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - Non-GAAP Budget Basis *
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Non-GAAP*	Variance with Final Budget
	Original	Final	Budget Basis	Positive (Negative)
REVENUES:				
Intergovernmental Revenues	-	-	185,865	185,865
Total Revenues	-	-	185,865	185,865
EXPENDITURES:				
Current:				
Public Safety	-	-	185,865	(185,865)
Total Expenditures	-	-	185,865	(185,865)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Proceeds from Long-Term Debt	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources(Uses)	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	-	$ -
Fund Balances - Beginning			-	
Fund Balances - Ending			$ -	

CITY OF NAHUNTA, GEORGIA
T-SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - Non-GAAP Budget Basis *
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Non-GAAP*	Variance with Final Budget
	Original	Final	Budget Basis	Positive (Negative)
REVENUES:				
Intergovernmental Revenues	-	-	304,508	304,508
Total Revenues	-	-	304,508	304,508
EXPENDITURES:				
Current:				
Public Works:				
Highways and Streets	-	-	268,481	(268,481)
Total Expenditures	-	-	268,481	(268,481)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	36,027	36,027
OTHER FINANCING SOURCES (USES):				
Proceeds from Long-Term Debt	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources(Uses)	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	36,027	$ 36,027
Fund Balances - Beginning			49,687	
Fund Balances - Ending			$ 85,714	

CITY OF NAHUNTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND THE RELATED RATIOS
JUNE 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Costs	$ 6,695	$ 7,062	$ 7,514	$ 8,076	$ 8,887	$ 8,743	$ 7,088	$ 5,725	$ 7,602	$ 17,437
Interest on Total Pension Liability	32,226	25,772	28,976	31,023	31,950	33,468	34,816	40,521	38,931	50,168
Differences between Expected & Actual Experience	(84,501)	30,736	12,003	(6,621)	44	1,664	56,788	(53,150)	110,822	89,084
Changes of Assumptions	-	-	-	5,557	-	5,225	-	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(45,618)	(22,223)	(22,222)	(21,935)	(20,503)	(20,503)	(22,701)	(17,249)	(15,813)	(13,825)
Other	(3,784)	-	-	-	-	-	-	-	-	-
Net change in total pension liability	(94,982)	41,347	26,271	16,100	20,378	28,597	75,991	(24,153)	141,542	142,864
Total Pension Liability - Beginning	438,633	343,651	384,998	411,269	427,369	447,747	476,344	552,335	528,182	669,724
Total Pension Liability - Ending	$ 343,651	$ 384,998	$ 411,269	$ 427,369	$ 447,747	$ 476,344	$ 552,335	$ 528,182	$ 669,724	$ 812,588
Plan Fiduciary Net Position										
Contributions - Employer	$ 23,280	$ 15,386	$ 9,078	$ 13,172	$ 14,453	$ 15,570	$ 16,042	$ 16,025	$ 17,688	$ 18,845
Contrbutions - Employee	-	-	-	-	-	-	-	-	-	-
Net Investment Income	37,078	4,206	37,146	53,467	39,537	12,647	41,729	112,956	(94,378)	64,501
Benefit Payments	(45,618)	(22,223)	(22,222)	(21,935)	(20,503)	(20,503)	(22,701)	(17,249)	(15,813)	(13,825)
Administrative Expense	(1,825)	(2,205)	(2,050)	(3,956)	(3,652)	(3,385)	(3,384)	(3,398)	(3,360)	(3,369)
Net Change in Fiduciary Net Position	12,915	(4,836)	21,952	40,748	29,835	4,329	31,686	108,334	(95,863)	66,152
Plan Fiduciary Net Position - Beginning	331,331	344,246	339,410	361,362	402,110	431,945	436,274	467,960	576,294	480,431
Plan Fiduciary Net Position - Ending	$ 344,246	$ 339,410	$ 361,362	$ 402,110	$ 431,945	$ 436,274	$ 467,960	$ 576,294	$ 480,431	$ 546,583
City's Net Pension Liability	$ (595)	$ 45,588	$ 49,907	$ 25,259	$ 15,802	$ 40,070	$ 84,375	$ (48,112)	$ 189,293	$ 266,005
Plan Fiduciary Net Position as a % of the Total Pension Liability	100.17%	88.16%	87.87%	94.09%	96.47%	91.59%	84.72%	109.11%	71.74%	67.26%
Covered Employee Payroll	$ 191,597	$ 186,683	$ 212,447	$ 226,999	$ 226,999	$ 215,019	$ 217,995	$ 245,092	$ 433,472	$ 554,382
City's Net Pension Liability as a % of Covered Payroll	-0.31%	24.42%	23.49%	11.13%	6.96%	18.64%	38.71%	-19.63%	43.67%	47.98%

CITY OF NAHUNTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
JUNE 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 **
Actuarially Determined Contribution	$ 17,907	$ 7,824	$ 12,839	$ 14,170	$ 15,301	$ 16,376	$ 15,039	$ 18,981	$ 13,807	$ -
Contributions in Relation to The Actuarially Determined Contributions	17,907	7,824	12,839	14,170	14,026	17,651	13,786	20,234	13,807	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ 1,275	$ (1,275)	$ 1,253	$ (1,253)	$ -	$ -
Covered Employee Payroll	$191,597	$186,683	$212,447	$226,999	$226,999	$215,019	$217,995	$245,092	$433,472	$ -
Contributions as a Percentage of Covered Employee Payroll	9.35%	4.19%	6.04%	6.24%	6.18%	8.21%	6.32%	8.26%	3.19%	N/A

Notes to the Schedule:

Valuation Date:

The actuarially determined contribution rate was determined as of January 1, 2024, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2025.

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 amortization period varies for the bases, with a net effective amortization period of 15 years.

Asset Valuation Method:

Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value

Actuarial Assumptions:

Net Investment Rate of Return:	7.375%
Projected Salary Increases:	2.25% plus service based merit increases
Cost of Living Adjustments:	0.00%
Retirement Age:	65 with early retirement permitted between ages 55 to 65
Mortality:	Pri-2012 head-counted weighted Employee Mortality Table

**** 2024 Information will be determined after fiscal year end and will be included in the 2025 valuation report.**

SUPPLEMENTARY INFORMATION

CITY OF NAHUNTA, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT - # 22p-x-013-2-6300
SOURCE & APPLICATION OF FUNDS SCHEDULE
FROM INCEPTION THROUGH JUNE 30, 2024

Total Program Funds Allocated to Recipient	$ 1,000,000
Less: Total Program Funds Drawn by Recipient	(477,381)
Funds Still Available from Program Resources	$ 522,619
Total Program Funds Drawn and Received by Recipient	$ 477,381
Less: Funds Applied and Expended to Program Costs	(477,381)
Total Program Funds Held by Recipient	$ -

PROGRAM ACTIVITY	ACTIVITY NUMBER	ORIGINAL APPROVED BUDGET	COST TO DATE	AVAILABLE BALANCE
Administration	A-21A-00	$ 60,000	$ (19,500)	$ 40,500
Contingencies	T-03J-00	60,935	(34,583)	26,353
Water Improvements	P-03J-01	879,065	(423,299)	455,766
Total		$ 1,000,000	$ (477,381)	$ 522,619

CITY OF NAHUNTA, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2024

Project	Original Estimated Cost	Prior Years	Current Years	Total	Estimate Percentage of Completion
Road, Street, & Bridge Projects	$ 1,080,000	$ 278,132	$ 2,203	$ 280,335	25.96%
Total	$ 1,080,000	$ 278,132	$ 2,203	$ 280,335	25.96%

SPECIAL REPORTS SECTION

Section I — Reporting on Compliance and on Internal Controls over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *GOVERNMENT AUDITING STANDARDS*

Schedule of Findings and Questioned Costs

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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*

To the City Council
City of Nahunta, 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 Nahunta, Georgia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Nahunta, Georgia's basic financial statements and have issued our report thereon dated December 23, 2024.

Internal Control over Financial Reporting

In planning and performing our audit the financial statements of the City of Nahunta, Georgia, we considered the City of Nahunta, Georgia's internal control over financial reporting (internal control) 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 Nahunta, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Nahunta, 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, 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 to governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-3 and 2024-1 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Nahunta, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-1.

City of Nahunta, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Nahunta, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Nahunta, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an engagement to perform an audit 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.

Hurst & Hurst

Hurst and Hurst CPAs

Douglas, Georgia
December 23, 2024

City of Nahunta, Georgia
Schedule of Findings and Questioned Costs
June 30, 2024

Section I – Summary of Audit Results

Type of report issued on statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

Section II – Financial Statement Findings:

Summary Schedule of Current Year Audit Findings:

2024-1 Interfund Loans

Criteria: Interfund loans are used to record balances between funds that can be expected to be repaid within a reasonable amount of time.

Condition: The City reported multiple interfund balances that are significantly aged and/or in excess of amounts reasonable to be repaid given the respective debtor fund's cash balances.

Effect: The City reported interfund balances that cannot be expected to be repaid within a reasonable timeframe.

Recommendation: The City should work to re-pay the interfund balances within a reasonable timeframe and/or record a transfer between those funds with which the interfund balances cannot be re-paid within a reasonable timeframe.

Management Response: We concur with the recommendation and will work to reduce the interfund balances reported either through repayment and/or transfers between respective funds.

Summary Schedule of Prior Year Audit Findings

2021-1 Failure to Adopt Balanced Budget

Criteria: Local Governments are to adopt an annual balanced budget for the general fund, each special revenue fund, and each debt-service fund in use by the local government. [§36-81-3:p.95]

Condition: As noted in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, the City had expenditures in excess of appropriations in multiple general fund departments, as well as no budget adopted for the major special revenue funds.

Effect: The City did not comply with applicable state statutes regarding budgetary compliance

Recommendation: The City should review departmental expenditures on an on-going basis and make budget revisions as necessary. The City should withhold expenditures that would therefore cause departments to exceed budgetary allowances until council approvals are obtained.

Management Response: We concur with the recommendation and will more closely monitor budgetary compliance for future reporting periods.

Follow-up on Prior Year Finding: The City failed to prepare a balanced budget for the other major governmental funds not covered by a project based budget.

Management Response to Follow-up: We will prepare balanced budgets for all applicable major special revenue funds for future periods.

2017-3 Lack of Complete Segregation of Duties

Criteria: An effective internal control system requires the complete segregation of conflicting job duties of accounting personnel.

Condition: Due to the limited resources of the entity, there is an insufficient number of employees performing accounting functions to achieve complete segregation of duties.

Effect: Lack of complete segregation of duties can result in misappropriation of funds that might not be detected though other internal control procedures and is also amplified by the lack of other internal controls.

Recommendation: Additional personnel should be hired or procedures should be implemented requiring the segregation of accounting personnel duties.

Management's Response: We concur with the recommendation and have already implemented the above recommendation whereby we have outsourced our record keeping processes to a knowledgeable third party. While we have not achieved complete segregation of duties through this action, we feel as though our actions achieve the greatest segregation reasonably attainable for an entity of our size.

Follow-up on Prior Year Finding: This condition remained during the performance of our audit procedures.