CITY OF NICHOLLS, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

Opinions
We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City Nicholls, Georgia as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Nicholls, Georgia , as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the 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 Nicholls, 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 Nicholls, 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 Nicholls, 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 Nicholls, 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 32 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.

The City of Nicholls, Georgia 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 Nicholls, Georgia's basic financial statements. The supplementary information including the combining nonmajor fund financial statements and schedules of expenditures of special purpose local option sales taxes 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 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 account 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 combining nonmajor fund financial statements and schedules of expenditures of special purpose local option sales taxes 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 May 28, 2024, on our consideration of the City of Nicholls, 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 Nicholls, Georgia's internal control over financial reporting and compliance.

Hurst & Hurst

Hurst and Hurst CPAs, LLC

Douglas, Georgia
May 28, 2024

BASIC FINANCIAL STATEMENTS

CITY OF NICHOLLS, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2023

	PRIMARY GOVERNMENT		
	Government Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current Assets:			
Cash and Cash Equivalents	$ 4,053,569	$ 875,018	$ 4,928,587
Restricted Cash	-	674,853	674,853
Receivables:			
Accounts (net of allowance)	30,711	82,812	113,523
Property Tax (net of allowance)	9,229	-	9,229
Sales Tax	31,336	-	31,336
Prepaid Items	2,130	749	2,879
Pension Asset	420	256	676
Internal Balances	18,789	(18,789)	-
Total Current Assets	4,146,184	1,614,899	5,761,083
Noncurrent Assets:			
Capital Assets Not Being Depreciated			
Land	130,325	143,374	273,699
Capital Assets, Net of Accumulated Depreciation			
Infrastructure	1,594,710	6,347,686	7,942,396
Buildings and Improvements	689,154	-	689,154
Machinery and Equipment	351,340	117,083	468,423
Total Net Capital Assets	2,765,529	6,608,143	9,373,672
TOTAL ASSETS	6,911,713	8,223,043	15,134,755
Deferred Outflows of Resources	101,377	61,709	163,086
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current Liabilities:			
Accounts Payable	27,123	4,503	31,626
Accrued Liabilities	6,714	4,509	11,223
Customer Deposits Payable	-	34,695	34,695
Current Portion of Long-Term Debt	-	86,018	86,018
Total Current Liabilities	33,837	129,725	163,562
Noncurrent Liabilities:			
Long Term Debt (net of current portion)	-	2,077,575	2,077,575
Total Noncurrent Liabilities	-	2,077,575	2,077,575
TOTAL LIABILITIES	33,837	2,207,300	2,241,137
Deferred Inflows of Resources	53,223	32,397	85,620
NET POSITION			
Net Investment in Capital Assets	2,765,529	4,444,550	7,210,079
Restricted for Capital Projects	1,817,611	-	1,817,611
Restricted for Debt Service	-	674,853	674,853
Unrestricted	2,342,890	925,651	3,268,541
TOTAL NET POSITION	6,926,030	6,045,055	12,971,084
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 7,013,090	$ 8,284,752	$ 15,297,841

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

CITY OF NICHOLLS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	NET (EXPENSE) REVENUE CHANGES IN NET POSITION: Primary Government: Governmental Activities	Business-type Activity	Total
Primary Government							
Governmental Activities:							
General Government	$ 766,145	$ 39,201	$ -	$ 593,319	$ (133,625)	$ -	$ (133,625)
Judicial	18,759	-	-	-	(18,759)	-	(18,759)
Public Safety	437,458	20,208	48,366	-	(368,884)	-	(368,884)
Public Works	933,813	106,450	51,867	622,332	(153,164)	-	(153,164)
Culture and Recreation	116,969	-	-	-	(116,969)	-	(116,969)
Total Governmental Activities	2,273,144	165,859	100,233	1,215,651	(791,401)	-	(791,401)
Business-Type Activity:							
Water and Sewer Fund	928,675	887,680	-	-	-	(40,994)	(40,994)
Total Business-Type Activities	928,675	887,680	-	-	-	(40,994)	(40,994)
Total Primary Government	3,201,819	1,053,539	100,233	1,215,651	(791,401)	(40,994)	(832,395)
General Revenues:							
General Property Taxes					284,461	-	284,461
General Sales & Use Taxes					361,861	-	361,861
Selective Sales/Use Taxes					32,850	-	32,850
Business Taxes					262,845	-	262,845
Interest Earnings					4,509	1,034	5,543
Gain on Disposition of Capital Assets					28,239	(478)	27,761
Other Revenue and Reimbursements					14,384	-	14,384
Total General Revenues					989,149	557	989,706
Transfers					-	-	-
Total General Revenues, Capital Contributions and Transfers					989,149	557	989,706
Change in Net Position					197,748	(40,437)	157,311
Net Position - Beginning					6,728,279	6,085,492	12,813,771
Net Position - Ending					$ 6,926,030	$ 6,045,055	$ 12,971,082

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

CITY OF NICHOLLS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	Major Governmental Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Grant Fund	Splost 2018		
ASSETS					
Cash and Cash Equivalents	$ 2,222,858	$ 621,206	$ 1,102,428	$ 107,077	$ 4,053,569
Accounts Receivable:					
Garbage (net of allowance of 3,271)	28,582	-	-	-	28,582
Other	2,129	-	-	-	2,129
Taxes Receivable:					
Property	9,229	-	-	-	9,229
Sales	31,336	-	-	-	31,336
Prepaid Items	2,130	-	-	-	2,130
Due from Other Funds	59,499	-	-	3,962	63,461
Total Assets	2,355,763	621,206	1,102,428	111,039	4,190,436
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	27,123	-	-	-	27,123
Accrued Expenditures	6,714	-	-	-	6,714
Due to Other Funds	27,610	3,962	-	13,100	44,672
Total Liabilities	61,447	3,962	-	13,100	78,509
Deferred Inflows of Resources	8,134	-	-	-	8,134
Total Liabilities and Deferred Inflows of Resources	69,581	3,962	-	13,100	86,643
Fund Balances:					
Nonspendable	2,130	-	-	-	2,130
Restricted for:					
Capital Projects	-	617,244	1,102,428	97,939	1,817,611
Committed to:					
Building Maintenance	31,093	-	-	-	31,093
Public Safety	1,700	-	-	-	1,700
Public Works	21,878	-	-	-	21,878
Assigned	-	-	-	-	-
Unassigned	2,229,381	-	-	-	2,229,381
Total Fund Balances	2,286,182	617,244	1,102,428	97,939	4,103,793
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,355,763	$ 621,206	$ 1,102,428	$ 111,039	$ 4,190,436

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

CITY OF NICHOLLS, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances for governmental funds		$ 4,103,793
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	4,304,259	
Less accumulated depreciation	(1,538,731)	
		2,765,528
Some long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Differences between expected and actual experience in pension plan	24,000	
Changes of assumptions in pension plan	-	
Pension contributions subsequent to measurement date	13,209	
Difference between projected and actual earnings on pension plan investments	64,168	
Net Pension Surplus	420	
Property tax collections outside of 60 days	8,135	
		109,932
Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
None	-	
		-
Other long -term liabilities are not payable in the current period and, therefore, are deferred in the funds:		
Difference between projected and actual earnings on pension plan investments	-	
Differences between expected and actual experience in pension plan	(53,223)	
		(53,223)
Total net position of governmental activities		$ 6,926,030

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

CITY OF NICHOLLS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Major Governmental Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Grant Fund	Splost 2018		
REVENUES:					
Taxes	$ 940,463	$ -	$ -	$ -	$ 940,463
License & Permits	16,306	-	-	-	16,306
Intergovernmental Revenues	48,366	622,332	590,543	51,867	1,313,108
Charges for Services	106,467	-	-	-	106,467
Fines & Forfeitures	20,208	-	-	-	20,208
Investment Earnings	4,509	-	2,428	348	7,285
Other Revenues/Reimbursements	37,264	-	-	-	37,264
Total Revenues	1,173,583	622,332	592,971	52,215	2,441,101
EXPENDITURES:					
Current:					
General Government	302,055	407,021	-	-	709,076
Judicial	18,759	-	-	-	18,759
Public Safety	387,825	-	-	-	387,825
Public Works	417,144	-	-	180,680	597,824
Culture and Recreation	26,096	-	-	-	26,096
Capital Outlay	-	680,633	442,083	67,822	1,190,538
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	1,151,879	1,087,654	442,083	248,502	2,930,118
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,704	(465,322)	150,888	(196,287)	(489,017)
OTHER FINANCING SOURCES (USES):					
Proceeds from Capital Asset Sales	30,921	-	-	-	30,921
Transfers from (to) Other Funds	-	-	-	-	-
Total Other Financing Sources(Uses)	30,921	-	-	-	30,921
Net Change in Fund Balances	52,625	(465,322)	150,888	(196,287)	(458,096)
Fund Balances - Beginning	2,233,557	1,082,566	951,540	294,226	4,561,889
Fund Balances - Ending	$ 2,286,182	$ 617,244	$ 1,102,428	$ 97,939	$ 4,103,793

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

CITY OF NICHOLLS, 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, 2023

Net changes in fund balances - total governmental funds reported in the *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds*			$ (458,096)
Amounts reported for governmental activities in the *Statement of Activities* are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
	Depreciation Expense	(141,594)	
	Basis in Capital Assets Disposed	(2,682)	
	Capital Outlay	787,521	
	Net Adjustment		643,245
Revenues in the *Statement of Activities* that do not provide current financial resources such as deferred revenue, are not reported as revenues in governmental funds.			
	Property Taxes	1,554	
	Net Adjustment		1,554
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.			
	Principal Debt Repayments	-	
	Other Adjustments	-	
	Pension Related Adjustments, net	11,047	
	Net Adjustment		11,047
Change in net position of governmental activities reported in the *Statement of Activities.*			$ 197,748

CITY OF NICHOLLS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Business-type Activity
	Water and Sewer Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets:	
Cash	$ 875,018
Restricted Cash	674,853
Accounts Receivable	82,812
Prepaid Items	749
Pension Asset	256
Total Current Assets	1,633,688
Noncurrent Assets:	
Capital Assets Not Being Depreciated:	
Land	143,374
Capital Assets, Net of Accumulated Depreciation:	
Infrastructure	6,347,686
Machinery and Equipment	117,083
Net Capital Assets	6,608,143
TOTAL ASSETS	8,241,831
Deferred Outflows of Resources - Pension Related	61,709
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current Liabilities:	
Accounts and Contracts Payable	4,503
Accrued Liabilities	4,509
Internal Balances	18,788
Current Portion of Long Term Debt	86,018
Payable from restricted assets: Customer Deposits	34,695
Total Current Liabilities	148,513
Noncurrent Liabilities:	
Net Pension Liability	-
Long Term Debt, net of current portion	2,077,575
Total Noncurrent Liabilities	2,077,575
TOTAL LIABILITIES	2,226,088
Deferred Inflows of Resources - Pension Related	32,397
NET POSITION	
Net Investment in Capital Assets	4,444,550
Restricted Net Position:	
Debt Service	674,853
Unrestricted	925,652
TOTAL NET POSITION	6,045,055
TOTAL LIABILITIES , DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 8,303,540

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

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

	Business-type Activity
	Water and Sewer Fund
OPERATING REVENUES	
Charges For Sales & Service	$ 887,680
Other	-
Total Operating Revenues	887,680
OPERATING EXPENSES	
Salaries and Wages	148,378
Group Insurance	-
Payroll Taxes	12,958
Retirement Contributions	(6,259)
Insurance	28,384
Communications	3,345
Rental	953
Travel	2,599
Advertising	2,221
Dues and Subscriptions	9,123
Education and Traning	5,208
Professional Services	663
Repairs and Maintenance	87,487
Water Testing and Fees	6,380
Gasoline & Oil	8,345
Office Supplies	3,352
Operating Supplies	41,144
Utilities	92,230
Chemicals	1,815
Depreciation	381,005
Total Operating Expenses	829,331
Operating Income (Loss)	58,349
NONOPERATING REVENUES (EXPENSES)	
Interest Revenue	1,034
Interest Expense	(99,344)
Total Nonoperating Revenues (Expenses)	(98,310)
Net Income (Loss) before Contribution and Transfers	(39,961)
TRANSFERS/CONTRIBUTIONS/SPECIAL ITEMS:	
Capital Contributions	(478)
Transfer from (to) Other Funds	-
Change of Net Position	(40,439)
Total Net Position - Beginning of Year	6,085,492
Total Net Position - End of Year	$ 6,045,055

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

CITY OF NICHOLLS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activity
	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 886,687
Cash Paid to Suppliers	(643,676)
Cash Paid to Employees	(183,461)
Net Cash Provided (Used) by Operating Activities	59,550
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In (Out)	-
Cash from interfund borrowing	-
Net Cash Provided (Used) by Noncapital Financing Activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	-
Principal Payments on Bond Payable	(82,240)
Interest Paid	(99,344)
Net Cash Provided (Used) by Capital and Related Financing Activities	(181,584)
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale/(Purchase) of Investments	-
Receipts of Interest and Dividends	1,034
Net Cash Provided (Used) by Investing Activities	1,034
Net Increase (Decrease) in Cash and Cash Equivalents	(121,000)
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	1,670,871
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,549,871

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

CITY OF NICHOLLS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activity
	Water and Sewer Fund
CASH AND CASH EQUIVALENT - END OF YEAR	
Unrestricted	$ 875,018
Restricted	674,853
Total	1,549,871
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	58,349
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	381,005
(Increase) Decrease in Accounts Receivable	(993)
(Increase) Decrease in Deferred Outflows of Resources	(30,918)
Increase (Decrease) in Accounts Payable	953
Increase (Decrease) in Accrued Liabilities	5,087
Increase (Decrease) in Accrued Interest Payable	-
Increase (Decrease) in Interfund Payable	(378,593)
Increase (Decrease) in Customer Deposits	-
Increase (Decrease) in Net Pension Liability	35,108
Increase (Decrease) in Deferred Inflows of Resources	(10,449)
Net Cash Provided (Used) by Operating Activities	$ 59,550

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 Nicholls, 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 of Nicholls is governed by a Mayor/Council form of government. All members serve part-time. The five council members and the mayor serve staggered terms of four years.

The financial statements of the City of Nicholls, 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 Nicholls (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, Basis of Accounting, Measurement Focus

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.

The City reports the following **major** governmental funds:

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

Grant Fund – This fund records proceeds and expenditures of various grants received by the City.

SPLOST 2018 – This fund accounts for the tax revenues and capital expenditures related to the Special Purpose Local Option Sales Tax – 2018 Resolution.

Additionally the government reports the following non-major governmental capital project fund:

SPLOST 2012 – This fund accounts for the tax revenues and capital expenditures related to the Special Purpose Local Option Sales Tax – 2012 Resolution.

T-SPLOST – This fund accounts for the tax revenues and capital expenditures related to Transportation Special Purpose Local Option Sales Tax.

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All business-type activities and proprietary funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The government has elected not to follow subsequent private-sector guidance.

C. Budgets

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

1. In June, a proposed operating budget for the fiscal year commencing July 1 is submitted to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgetary amounts between line items within a fund can be done with the approval of the City Administrator. Transfer of amounts between each department of each fund must be approved by the City Commission. This is the legal level of budgetary control.
5. The funds obtained from any source may be used for any appropriations named in said budget, except funds specifically restricted by City ordinance or State law.
6. At the end of the fiscal year, all amendments to the budget are approved through passage of an ordinance.

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. Receivables

All trade and property tax receivables are reported net of allowance for uncollectable, where applicable. The delinquent taxes receivable account represents the past seven years of uncollected tax levies.

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. Consumable Inventories

The costs of inventories are recorded as expenditures when purchased in all funds. The costs of remaining inventories at year end, if any, are not considered material to the financial statements.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, 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.

I. Restricted Assets

Restricted assets represent resources segregated as required by City Council, applicable statues, or agreements.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of Net Position but does not report these assets in the governmental fund financial statements. Capital assets utilized by proprietary funds are reported both in the business-type activities column of the government-wide statement of Net position and in the proprietary funds' statement of Net Position. All general infrastructure assets acquired or constructed after June 30, 2003 have been reported in government-wide financial statements. In implementation of GASB Statement 34 infrastructure assets, the city has elected to limit its transition capitalization to street projects that resulted in acquisition, construction, or significant reconstruction or improvements since June 30, 1980. The city has made use of historical cost records and using normal depreciable lives to add infrastructure assets.

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 $5,000. 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:

Infrastructure	25-50 Years
Buildings and Improvements	25-50 Years
Machinery and Equipment	7-10 Years

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences, claims and unfunded pension benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Bonds and capital leases are recognized as a liability in the governmental fund financial statements "when due".

L. 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.

M. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. For the City, these revenues are charges to customers for water and sewerage services. The Utility Fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, including operating grants, investment earnings and interest expense.

N. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

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.

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NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

The City had the following department(s) with expenditures in excess of appropriations for the fiscal year ended June 30, 2023:

	Appropriations	Expenditures	Variance
General Fund:			
Election	$ -	$ 1,006	$ (1,006)
General Administration	$ 132,000	$ 264,368	$ (132,368)
Municipal Court	$ 13,000	$ 18,759	$ (5,759)
Streets	$ 216,000	$ 281,119	$ (65,119)
Library	$ 10,000	$ 11,034	$ (1,034)
Recreation	$ 6,000	$ 15,062	$ (9,062)

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's deposits are either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits over the federal depository insurance coverage (FDIC) are collateralized with securities held by the City's agent in the City's name. FDIC provides coverage for "Demand Deposits" up to $250,000, "Time and Savings Deposits" up to $250,000, and "Bond Indenture Deposits" up to $250,000. After utilizing limits of the available FDIC coverage, the city had no non-FDIC insured balances.

B. Interfund Balances and Transfers

The City has interfund receivables and payables at June 30, 2023 as follows:

Balances due to/from other funds	Interfund Receivables	Interfund Payables
Governmental Funds:		
Major Funds:		
General Fund	$ 59,499	$ 27,610
Splost 2018 Fund	-	-
T-SPLOST Fund	3,962	13,100
Non-major Funds:		
Grant Fund	-	3,962
Enterprise Fund:		
Water & Sewer Fund	610	39,737
Sanitation Fund	27,000	6,662
Total	$ 91,071	$ 91,071

Balances due between the Enterprise Fund and the General Fund relate to wage and related operating costs incurred by the Enterprise Fund but paid by the General Fund. The balance between the T-Splost Fund and the Grant Fund relates to a joint project between the funds with funds transferred subsequent to year end for expenditure in the Grant Fund. Balances between the General Fund and other governmental funds relates to advancements on expenditures made by the General Fund for those respective funds projects.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Governmental activities:				
Capital Assets, not being depreciated:				
Land	$ 130,325	$ -	$ -	$ 130,325
Construction in Progress	-	-	-	-
Total Capital Assets, not being Depreciated	130,325	-	-	130,325
Capital Assets, Being Depreciated:				
Infrastructure	1,213,019	680,632	-	1,893,651
Buildings and Improvements	1,484,382	-	-	1,484,382
Machinery and Equipment	755,062	106,889	(66,050)	795,901
Total Capital Assets, Being Depreciated	3,452,463	787,521	(66,050)	4,173,934
Less Accumulated Depreciation:				
Infrastructure	268,616	30,325	-	298,941
Buildings and Improvements	763,568	31,660	-	795,228
Machinery and Equipment	428,321	79,608	(63,368)	444,561
Total Accumulated Depreciation	1,460,505	141,594	(63,368)	1,538,731
Total Capital Assets, Being Depreciated, Net	1,991,958	645,928	(2,682)	2,635,204
Governmental Activities Capital Assets, Net	$ 2,122,283	$ 645,928	$ (2,682)	$ 2,765,529

Depreciation Expense was charged to Governmental Activities as follows:

General and Administrative	$ 2,557
Public Safety	56,608
Public Works	54,722
Culture and Recreation	27,706
Total	$ 141,594

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Business-Type Activities:				
Capital Assets, not being depreciated:				
Land	$ 143,374	$ -	$ -	$ 143,374
Construction in Progress	-	-	-	-
Total Capital Assets, not being Depreciated	143,374	-	-	143,374
Capital Assets, being Depreciated				
Water and Sewer System	14,133,187	-	-	14,133,187
Machinery and Equipment	280,796	-	(3,085)	277,711
Total Capital Assets, being Depreciated	14,413,983	-	(3,085)	14,410,898
Less Accumulated Depreciation:				
Water & Sewer System	7,432,172	353,330	-	7,785,502
Machinery and Equipment	135,560	27,675	(2,608)	160,628
Total Accumulated Depreciation	7,567,732	381,005	(2,608)	7,946,129
Total Capital Assets, Being Depreciated, Net	6,846,251	(381,005)	(477)	6,464,768
Business-Type Activities Capital Assets, Net	$ 6,989,625	$ (381,005)	$ (477)	$ 6,608,142

NOTE 5: LONG-TERM OBLIGATIONS

A. Governmental Activities Debt

As of June 30, 2023 the City had no long-term debt related to governmental activities.

B. Business-type Activity Debt

Bonds Payable:

The City issued Water and Sewer Revenue Bonds in 2000. The original amounts of the 2000 Series Bonds was $3,333,000. The purposes of the bonds are to provide for the acquisition, construction, and installation of the additions and improvements to the existing water and sewerage system of the City.

The bonds are to be amortized with a monthly installment of principal and interest in the amount of $15,132 at an interest rate of 4.5% per annum. Payments began August 28, 2001 and will end in August 28, 2040.

The bond ordinance provides for prescribing and revising rates and for collecting fees and charges for the services, facilities and commodities to be furnished by the system and all additions, extensions and improvements thereto, sufficient to provide funds (a) to pay the cost of maintaining, repairing, operating and insuring the System, (b) to pay the principal and interest on the City of Nicholls Water and Sewerage Revenue Bonds, Series 2000, including the reserves therefore, as the same become due and payable, (c) to pay the principal of and interest on this bond as the same become due and payable in the current sinking fund year, and to create and maintain a reserve to pay the same, (d) to maintain the Renewal and Extension Fund, and (e) to create a reserve for extensions and improvements to the System if one is desired and approved in accordance with the Ordinance.

Debt service requirements on the above bonds are as follows:

Year Ending	Series 2000	
30-June	Principal	Interest
2024	86,018	95,566
2025	89,969	91,615
2026	94,102	87,482
2027	98,425	83,159
2028	102,947	78,637
2029-2033	590,174	317,746
2034-2038	738,777	169,143
2039-2043	363,181	18,025
Totals	$ 2,163,593	$ 941,372

C. Long-term Liability Activity

Long-term liability for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
	$ -	$ -	$ -	$ -	$ -
Total Governmental	$ -	$ -	$ -	$ -	$ -
Business-Type activities:					
Bonds Payable	$ 2,245,833	$ -	$ 82,240	$ 2,163,593	$ 86,018
Total Business-Type	$ -	$ -	$ 82,240	$ 2,163,593	$ 86,018

NOTE 6: 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 7: 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 Nicholls 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 Nicholls 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 8: JOINT VENTURE

The City of Nicholls, 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.

NOTE 9: PROPERTY TAX CALENDER

Property taxes are assessed and attached as an enforceable lien on property as of January 1. The City's property taxes are billed and collected by the Coffee County Tax Commissioner and remitted to the City. The City pays a commission of 2.5% for the collection of its taxes to the Coffee County Tax Commissioner. City property tax revenues are recognized when levied to the extent that they result in current receivables. Property taxes are levied in September of each year based on the assessed valuation of property as of the proceeding January 1 and are due within 60 days. Taxes levied on October 1, 2022 were due on December 1, 2022. Liens were attached to property for unpaid taxes on January 31, 2022.

Assessed values are established by the Coffee County Tax Assessor's office and are currently calculated at 40% of the fair market value. The assessed value of property at January 1, 2023 was $28,251,749.

Based on the 2023 millage levy of 6.849, a property owner would pay $6.85 per $1,000 of assessed valuation.

Current real and personal property tax collections of $186,658 for the year ended June 30, 2023 were 96.5% of the respective tax levy. Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Property taxes receivable for all tax years was $9,229 at June 30, 2023, with $8,134 reported as deferred in the funds due to timing requirements.

NOTE 10: PENSION PLAN

Plan Description
The City's defined benefit plan, City of Nicholls Retirement Plan, is administered through the Board of Trustees of the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple employer pension fund. The plan was established by a City ordinance under authority of Georgia law. 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 GMEBS issues a publicly available financial report that includes financial statements and required supplemental information for GMEBS. That report may be obtained at City Hall of Nicholls, Georgia, or by contacting the Georgia Municipal Association Risk Management and Employee Benefit Services, 201 Pryor Street, S.W., Atlanta, Georgia 30303-3606.

The plan provides benefits upon retirement, death, disablement, and termination of employment to plan participants and beneficiaries, if certain eligibility conditions are met. All full-time employees are eligible for the plan with no waiting period beginning January 2015. Benefits vest after completing five years of service. Elected officials are not covered by the plan. Employees who retire after age 65 with 5 years of service or after age 55 with 10 years of credited service are entitled to a retirement benefit. The plan defines a full-time employee as one working at least 35 hours per week. Retirement benefits are 1.5% of final average earnings. Final average earnings are an average of the 5 highest consecutive years' earnings.

Participants in the plan consisted of the following at January 1, 2023, the date of the latest actuarial valuation:

Pensioners as of the valuation date		6
Inactive participants with vested rights		5
Participants active during the valuation period		11
Fully vested	4	
Not yet vested	7	

Contributions. Contributions are determined under the projected unit credit actuarial cost method. The GMEBS Board of Trustees has adopted an actual funding policy for determination of annual contributions. The recommended contribution for the City of Nicholls, Georgia for the actuarial period ended June 30, 2023 was $20,174, which was 5.09% of expected payroll of covered employees. The City's contribution to the Plan totaled $20,174 for the year ended June 30, 2023. Plan members do not contribute to the plan.

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 July 1, 2023.

For the year ended June 30, 2023, the City recognized pension expense of $19,414. 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 liability for the year ended June 30, 2023:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2021*	$ 908,849	$ 1,000,880	(92,031)
Changes for the Year:			
Service Cost	19,174	-	19,174
Interest	66,159	-	66,159
Difference between Expected and Actual Experience	(128,431)	-	(128,431)
Assumption Change	-	-	-
Employer Contributions	-	28,341	(28,341)
Net Investment Income	-	(159,225)	159,225
Benefit Payment	(61,914)	(61,914)	-
Administrative Expense	-	(3,569)	3,569
Other	-	-	-
Net Changes	(105,012)	(196,367)	91,355
Balances at September 30, 2022**	$ 803,837	$ 804,513	$ (676)

* Entry Age Normal liabilities are calculated using ages and service amounts as of January 1, 2022 are used to measure the TPL as of September 30, 2021. The balances as of September 30, 2021 constitute measurements of the NPL for the fiscal year ended June 30, 2022.

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

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	$ 21,249	$ -
Differences between expected and actual experience	38,609	85,620
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	103,228	-
Total	$ 163,086	$ 85,620

$21,249 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, 2023. 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
2024	$ 1,819	$ -
2025	$ -	$ 10,943
2026	$ 19,007	$ -
2027	$ 46,334	$ -

Actuarial assumptions

The required schedule of changes in the City's net pension 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 July 1, 2023. The following actuarial assumptions applied to all periods included in the measurement:

Cost of Living Adjustments	0.00%
Projected Salary Increases	2.25%
Investment Rate of Return	7.375%

Mortality rates were based upon the RP-2000 Mortality Table, which contained sex-distinct and disabled rates.

The long term expected rate of return on pension plan investments was determined using a building-block method in which the 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. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.40%
International Equity	20%	6.80%
Real Estate	10%	3.90%
Global Fixed Income	5%	0.46%
Domestic Fixed Income	20%	0.40%
Cash	0%	0.00%
TOTAL	100%	

Changes in Assumptions

Amounts reported for the fiscal year ended June 30, 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December 2019:

- There have no changes in assumptions in the last two fiscal years.

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 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% 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 liability	$ 75,904	$ (676)	$ (65,620)

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through May 28, 2024 (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any events that require adjustments or disclosure in the financial statements that were issued on May 28, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NICHOLLS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BALANCES -GENERAL FUND - BUDGET AND ACTUAL (*NON-GAAP BUDGET BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance w/ Final Budget-
	Original	Final	Amounts	over/(under)
Beginning budgetary fund balance:	$ 2,150,773	$ 2,150,773	$ 2,233,557	
Resources (inflows):				
Property Taxes	240,000	240,000	211,861	(28,139)
Local Option Sales Taxes	275,000	275,000	361,861	86,861
Insurance Premium Taxes	225,000	225,000	262,845	37,845
Other Taxes	10,000	10,000	533	(9,467)
Franchise Taxes	57,000	57,000	70,515	13,515
Beverage Taxes	20,000	20,000	36,640	16,640
Busines Licenses	16,500	16,500	12,516	(3,984)
Garbage Fees	120,000	120,000	106,465	(13,535)
Fines	50,000	50,000	20,208	(29,792)
Interest Income	3,000	3,000	4,509	1,509
Founder's Day	1,000	1,000	-	(1,000)
Community Building	1,000	1,000	22,880	21,880
Other	500	500	62,750	62,250
Total Revenues	1,019,000	1,019,000	1,173,583	154,583
Charges to appropriations (outflows):				
General Government:				
Legislation	40,000	40,000	36,681	3,319
Election	-	-	1,006	(1,006)
General Administration	132,000	132,000	264,368	(132,368)
Judicial:				
Municipal Court	13,000	13,000	18,759	(5,759)
Public Safety:				
Police	400,000	400,000	367,086	32,914
Jail	10,000	10,000	-	10,000
Fire	20,000	20,000	20,739	(739)
E-911	12,000	12,000	-	12,000
Public Works:				
Streets	216,000	216,000	281,119	(65,119)
Solid Waste	138,000	138,000	136,025	1,975
Culture and Recreation:				
Library	10,000	10,000	11,034	(1,034)
Election	4,500	4,500	-	4,500
Animal Control	1,500	1,500	-	1,500
Recreation	6,000	6,000	15,062	(9,062)
Housing and Development:				
Founders Day	3,500	3,500	-	3,500
Development	4,000	4,000	-	4,000
Community Building	8,500	8,500	-	8,500
Total Expenditures	1,019,000	1,019,000	1,151,879	(132,879)
Excess(deficiency) of revenues over expenditures	-	-	21,704	287,462
Other Financing Sources (Uses): Sale of Assets	-	-	30,921	30,921
Net Changes in Fund Balance	-	-	52,625	
Ending Fund Balance	$ 2,150,773	$ 2,150,773	$ 2,286,182	

CITY OF NICHOLLS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS *

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability									
Service Costs	$ 23,714	$ 21,308	$ 16,318	$ 12,347	$ 12,927	$ 15,126	$ 17,267	$ 21,544	$ 19,174
Interest	36,054	38,810	46,164	44,999	46,357	49,559	53,201	58,772	66,159
Differences between expected and actual experience	(17,282)	46,562	(62,617)	(22,924)	4,618	(9,368)	24,565	64,935	(128,431)
Changes in Assumptions	4,858	-	-	10,521	-	-	-	-	-
Benefits payments, including refunds of employee contributions	(11,787)	(11,788)	(11,788)	(17,995)	(22,821)	(23,995)	(23,994)	(23,543)	(61,914)
Other	-	-	-	-	-	27,119	-	-	-
Net change in total pension liability	35,557	94,892	(11,923)	26,948	41,081	58,441	71,039	121,708	(105,012)
Total pension liability - beginning	471,106	506,663	601,555	589,632	616,580	657,661	716,102	787,141	908,849
Total pension liability - ending	$ 506,663	$ 601,555	$ 589,632	$ 616,580	$ 657,661	$ 716,102	$ 787,141	$ 908,849	$ 803,837
Plan Fiduciary Net Position									
Contributions - Employer	$ 29,172	$ 26,544	$ 26,039	$ 26,239	$ 19,982	$ 15,091	$ 18,035	$ 23,429	$ 28,341
Net Investment Income	49,639	5,080	57,893	88,577	66,981	21,701	71,562	196,123	(159,225)
Benefits payments, including refunds of employee contributions	(11,787)	(11,788)	(11,788)	(17,995)	(22,821)	(23,995)	(23,994)	(23,543)	(61,914)
Administrative Expense	(1,723)	(2,131)	(2,024)	(3,923)	(3,661)	(3,372)	(3,457)	(3,576)	(3,569)
Net change in fiduciary net position	65,301	17,705	70,120	92,898	60,481	9,425	62,146	192,433	(196,367)
Plan fiduciary net position - beginning	430,371	495,672	513,377	583,497	676,395	736,876	746,301	808,447	1,000,880
Plan fiduciary net position - ending	$ 495,672	$ 513,377	$ 583,497	$ 676,395	$ 736,876	$ 746,301	$ 808,447	#########	$ 804,513
City's Net Pension Liability	$ 10,991	$ 88,178	$ 6,135	$ (59,815)	$ (79,215)	$ (30,199)	$ (21,306)	$ (92,031)	$ (676)
Plan fiduciary net position as a percentage of the total pension liability	97.83%	85.34%	98.96%	109.70%	112.04%	104.22%	102.71%	110.13%	100.08%
Covered employee payroll	$ 357,103	$ 358,735	$ 325,453	$ 344,722	$ 367,306	$ 398,057	$ 473,375	$ 437,641	$ 392,136
City's net pension liability as a percentage of covered employee payroll	3.08%	24.58%	1.89%	-17.35%	-21.57%	-7.59%	-4.50%	-21.03%	-0.17%

*** The schedule will present the required 10 years of information once it is accumulated**

CITY OF NICHOLLS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Actuarially determined contribution	$ 25,463	$ 25,463	$ 27,765	$ 21,661	$ 14,946	$ 25,559	$ 25,559	$ 30,240	$ -	*
Contributions in relation to the actuarially determined contribution	29,172	25,463	27,765	21,661	14,946	25,559	25,559	27,720	-	**
Contribution deficiency (excess)	$ (3,709)	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,520	$ -	
Covered employee payroll	$ 357,103	$ 358,735	$ 325,453	$ 344,722	$ 367,306	$ 398,057	$ 473,375	$ 437,641	$ -	***
Contributions as a percentage of covered employee payroll	8.17%	7.10%	8.53%	6.28%	4.07%	6.42%	5.40%	6.33%	0.00%	

Notes to the Schedule

Valuation Date:

The actuarially determined contribution rate was determined as of January 1, 2023, 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, 2024.

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: N/A

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:
Mortality: Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Sex Distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

*** 2023 information will be determined after fiscal year end and will be included in the 2024 report.**

**** Contributions are recorded based on the date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy if it pays either the dollar amount or the % of employee covered payroll of the actuarially determined contributions.**

***** 2022 covered payroll is based on data collected as of September 30, 2021 for the 2022 actuarial valuation.**

SUPPLEMENTARY INFORMATION

Combining NonMajor Fund Financial Statements

Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds

CITY OF NICHOLLS, GEORGIA
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Capital Project Funds		Total Nonmajor Governmental Funds
	Splost 2012	T-Splost	
ASSETS			
Cash and Cash Equivalents	$ 83,003	$ 24,074	$ 107,077
Internal Balances	-	3,962	3,962
Total Assets	83,003	28,036	111,039
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	-	-	-
Internal Balances	-	13,100	13,100
Total Liabilities	-	13,100	13,100
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	-	13,100	13,100
Fund Balances:			
Restricted for:			
Capital Projects	83,003	14,936	97,939
Assigned to:			
Special Revenue Funds	-	-	-
Unassigned:	-	-	-
Total Fund Balances	83,003	14,936	97,939
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 83,003	$ 28,036	$ 111,039

CITY OF NICHOLLS, GEORGIA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Capital Project Funds		
	Splost 2012	T-Splost	Total Nonmajor Governmental Funds
Intergovernmental Revenues	$ -	$ 51,867	$ 51,867
Investment Earnings	348	-	348
Total Revenues	348	51,867	52,215
EXPENDITURES:			
Current:			
Public Works	-	180,680	180,680
Capital Outlay	67,822	-	67,822
Total Expenditures	67,822	180,680	248,502
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,474)	(128,813)	(196,287)
OTHER FINANCING SOURCES (USES):			
Transfers from (to) Other Funds	-	-	-
Total Other Financing Sources(Uses)	-	-	-
Net Change in Fund Balances	(67,474)	(128,813)	(196,287)
Fund Balances - Beginning	150,477	143,749	294,226
Fund Balances - Ending	$ 83,003	$ 14,936	$ 97,939

CITY OF NICHOLLS, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2012
FOR THE YEAR ENDED JUNE 30, 2023

Project	Original Estimated Cost	Current Estimated Costs	Prior Years	Current Years	Total	Estimate Percentage of Completion
Road, Street, & Bridge Projects	$ 265,000	$ 265,000	$ 269,547	$ 3,650	$ 273,197	103.09%
Recreation Capital Outlay & Facility Improvements	300,000	300,000	270,431	1,925	272,356	90.79%
Public Safety Capital Outlay & Facility Improvements	250,000	250,000	255,248	-	255,248	102.10%
Water and Sewer Capital Outlay & Facility Improvements	100,000	100,000	87,645	-	87,645	87.65%
Public Works Capital Outlay & Facility Improvements	50,000	50,000	58,046	62,247	120,293	240.59%
Renovations & Improvements to Municipal Buildings	160,220	160,220	41,986	-	41,986	26.21%
Total	$ 1,125,220	$ 1,125,220	$ 982,903	$ 67,822	$ 1,050,725	93.38%

CITY OF NICHOLLS, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2018
FOR THE YEAR ENDED JUNE 30, 2023

Project	Original Estimated Cost	Current Estimated Costs	Prior Years	Current Years	Total	Estimate Percentage of Completion
Road, Street, & Bridge Projects	$ 340,908	$ 340,908	$ 135,001	$ 207,905	$ 342,906	100.59%
Recreation Capital Outlay & Facility Improvements	25,000	25,000	18,579	71,056	89,635	358.54%
Public Safety Capital Outlay & Facility Improvements	400,000	450,000	135,520	69,103	204,623	45.47%
Water and Sewer Capital Outlay & Facility Improvements	650,000	1,215,078	856,113	-	856,113	70.46%
Technology Equipment including Hardware and Software	50,000	50,000	-	-	-	0.00%
Public Works Capital Outlay & Facility Improvements	375,000	450,000	166,268	36,744	203,012	45.11%
Renovations & Improvements to Municipal Buildings	250,000	250,000	4,695	57,275	61,970	24.79%
Total	$ 2,090,908	$ 2,780,986	$ 1,316,176	$ 442,083	$ 1,758,259	84.09%

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

The Honorable Mayor and City Council
City of Nicholls, 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 activity, each major fund, and aggregate remaining fund information of the City of Nicholls, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Nicholls, Georgia's basic financial statements, and have issued our report thereon dated May 28, 2024.

Internal Control over Financial Reporting

In planning and performing our audit the financial statements of the City of Nicholls, Georgia, we considered the City of Nicholls, 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 Nicholls, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Nicholls, 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 the 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses: 2021-1& 2022-1

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Nicholls, 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 Nicholls, Georgia's Response to Findings

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

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 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.

Hurst & Hurst

Hurst and Hurst CPAs

Douglas, Georgia
May 28, 2024

Section I – Summary of Audit Results

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

Section II – Financial Statement Findings:

Schedule of Current Year Audit Findings:

No findings noted not already noted in previous years below.

Schedule of Prior Year Audit Findings:

2022-1 Expenditures in Excess of Appropriations

Criteria: According to the Official Code of Georgia Annotated (O.C.G.A.) Section 36-81-3(b)(1) "Each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund and each debt service fund and requires a project length balanced budget for capital project funds in use by the local government".

Condition: The entity had expenditures in excess of appropriations at the legal level of budgetary control in several departments as well as no budget adopted for the Grant Fund.

Effect: The entity was not in compliance with the above state statute regarding budgetary control.

Recommendation: We recommend that the entity monitor the budget on a monthly basis and amend accordingly for instances of excess expenditures as well as ensure budgets are adopted for all required funds in future periods.

Management's Response: We agree with the recommendations and will place greater emphasis on budget review and compliance in future periods.

2021-1 Lack of Complete Segregation of Duties

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

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

Management's Response: We agree with the above recommendation. However, due to limited resources and personnel we cannot completely comply with the segregation of duties requirements.

Follow-up: Significant improvements were noted during the performance of the current audit; however, multiple duties continue to overlap due to the City's staffing ability, therefore this condition remains as of the current audit period.