


# *CITY OF PORTERDALE, GEORGIA*

## *Annual Financial Report*

## *For the year ended December 31, 2024*

This page intentionally left blank.

***CITY OF PORTERDALE, GEORGIA***
***ANNUAL FINANCIAL REPORT***
***For the year ended December 31, 2024***

## TABLE OF CONTENTS


| | PAGE |
|---|---|
| **FINANCIAL SECTION** | |
| Independent Auditor's Report | 1-3 |
| **Basic Financial Statements:** | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 4 |
| Statement of Activities | 5 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 6-7 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 8 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 9-10 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 11 |
| General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP) and Actual | 12 |
| American Rescue Plan Act Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP) and Actual | 13 |
| Drug Seizure Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP) and Actual | 14 |
| Proprietary Funds: | |
| Statement of Net Position | 15 |
| Statement of Revenues, Expenses, and Changes in Net Position | 16 |
| Statement of Cash Flows | 17 |
| Notes to the Financial Statements | 18-43 |
| **OTHER REPORTING SECTION** | |
| **Single Audit Section:** | |
| 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* | 44-45 |
| Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance | 46-48 |
| Schedule of Expenditures of Federal Awards | 49 |
| Notes to the Schedule of Expenditures of Federal Awards | 50 |
| Schedule of Findings and Questioned Costs | 51-55 |
| **STATE REPORTING SECTION** | |
| Schedule of Projects Financed with Special Purpose Local Option Sales Tax | 56 |

This page intentionally left blank.

# Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Porterdale, Georgia

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Porterdale, Georgia, as of and for the year ended December 31, 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, each major fund, and the aggregate remaining fund information of the City of Porterdale, Georgia, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund, the American Rescue Plan Act Special Revenue Fund, and the Drug Seizure Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Porterdale, Georgia and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Porterdale, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Porterdale, Georgia's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Porterdale, 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***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Porterdale, Georgia's basic financial statements. The schedule of projects financed with special purpose local option sales tax is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of projects financed with special purpose local option sales tax and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2026, on our consideration of the City of Porterdale, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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 Porterdale, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Gainesville, Georgia
March 13, 2026

This page intentionally left blank.

***BASIC FINANCIAL STATEMENTS***

***CITY OF PORTERDALE, GEORGIA***
***STATEMENT OF NET POSITION***
***December 31, 2024***

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | $ 2,379,350 | $ 600,639 | $ 2,979,989 |
| Restricted cash and cash equivalents | 41,943 | 90,690 | 132,633 |
| Receivables (net) | | | |
| Accounts | 0 | 86,554 | 86,554 |
| Intergovernmental | 82,464 | 775,942 | 858,406 |
| Taxes | 723,667 | 0 | 723,667 |
| Leases | 72,653 | 0 | 72,653 |
| Prepaid items | 18,730 | 2,844 | 21,574 |
| Internal balances | (1,452) | 1,452 | 0 |
| Total current assets | 3,317,355 | 1,558,121 | 4,875,476 |
| **Noncurrent assets** | | | |
| Capital assets | | | |
| Non-depreciable | 351,498 | 3,482,935 | 3,834,433 |
| Depreciable and amortizable (net) | 2,768,938 | 3,086,272 | 5,855,210 |
| Total noncurrent assets | 3,120,436 | 6,569,207 | 9,689,643 |
| **Total assets** | 6,437,791 | 8,127,328 | 14,565,119 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Payables | | | |
| Accounts | 54,003 | 794,111 | 848,114 |
| Retainages | 0 | 118,630 | 118,630 |
| Interest | 0 | 3,343 | 3,343 |
| Other payroll liabilities | 26,570 | 161 | 26,731 |
| Compensated absences | 46,408 | 521 | 46,929 |
| Unearned revenue | 49,540 | 10,600 | 60,140 |
| Due to others | 8,857 | 0 | 8,857 |
| Customer deposits payable | 0 | 90,690 | 90,690 |
| Subscriptions payable | 10,423 | 0 | 10,423 |
| Notes payable | 13,339 | 112,220 | 125,559 |
| Total current liabilities | 209,140 | 1,130,276 | 1,339,416 |
| **Noncurrent liabilities** | | | |
| Subscriptions payable | 10,627 | 0 | 10,627 |
| Notes payable | 0 | 3,147,844 | 3,147,844 |
| Total noncurrent liabilities | 10,627 | 3,147,844 | 3,158,471 |
| **Total liabilities** | 219,767 | 4,278,120 | 4,497,887 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred inflows related to leases | 76,133 | 0 | 76,133 |
| **NET POSITION** | | | |
| Net investment in capital assets | 3,086,047 | 3,190,513 | 6,276,560 |
| Restricted for: | | | |
| Public Safety | 3,564 | 0 | 3,564 |
| Capital outlay | 1,825,415 | 0 | 1,825,415 |
| Unrestricted | 1,226,865 | 658,695 | 1,885,560 |
| **Total net position** | $ 6,141,891 | $ 3,849,208 | $ 9,991,099 |

See accompanying notes to the financial statements.

## *CITY OF PORTERDALE, GEORGIA*
## *STATEMENT OF ACTIVITIES*
## *For the year ended December 31, 2024*

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue |
|---|---|---|---|---|---|
| **Primary government** | | | | | |
| Governmental activities | | | | | |
| General Government | $ 427,828 | $ 25,756 | $ 3,364 | $ 174,374 | $ (224,334) |
| Judicial | 191,327 | 0 | 0 | 0 | (191,327) |
| Public Safety | 800,685 | 224,980 | 0 | 68,147 | (507,558) |
| Public Works | 597,905 | 0 | 0 | 503,017 | (94,888) |
| Culture and Recreation | 126,451 | 1,320 | 0 | 0 | (125,131) |
| Housing and Development | 219,282 | 52,309 | 0 | 0 | (166,973) |
| Interest on long-term debt | 2,908 | 0 | 0 | 0 | (2,908) |
| Total governmental activities | 2,366,386 | 304,365 | 3,364 | 745,538 | (1,313,119) |
| Business-type activities | | | | | |
| Water and Sewer | 695,105 | 856,049 | 0 | 0 | 160,944 |
| Sanitation | 189,235 | 165,790 | 0 | 0 | (23,445) |
| Total business-type activities | 884,340 | 1,021,839 | 0 | 0 | 137,499 |
| Total primary government | 3,250,726 | 1,326,204 | 3,364 | 745,538 | (1,175,620) |

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **Change in net position** | | | |
| Net (expense) revenue | $ (1,313,119) | $ 137,499 | $ (1,175,620) |
| General revenues | | | |
| Taxes | | | |
| Property | 1,085,281 | 0 | 1,085,281 |
| Sales | 472,079 | 0 | 472,079 |
| Franchise | 128,548 | 0 | 128,548 |
| Insurance premium | 172,116 | 0 | 172,116 |
| Alcoholic beverage | 19,420 | 0 | 19,420 |
| Occupational | 4,838 | 0 | 4,838 |
| Other | 18,657 | 0 | 18,657 |
| Interest and investment earnings | 1,158 | 0 | 1,158 |
| Miscellaneous | 23,708 | 0 | 23,708 |
| Transfers | (107,027) | 107,027 | 0 |
| Total general revenues and transfers | 1,818,778 | 107,027 | 1,925,805 |
| Change in net position | 505,659 | 244,526 | 750,185 |
| Net position - beginning | 5,636,232 | 3,604,682 | 9,240,914 |
| Net position - ending | $ 6,141,891 | $ 3,849,208 | $ 9,991,099 |

See accompanying notes to the financial statements.

***CITY OF PORTERDALE, GEORGIA***
***BALANCE SHEET***
***GOVERNMENTAL FUNDS***
***December 31, 2024***

| | General | Special Revenue Funds: American Rescue Plan Act | Special Revenue Funds: Drug Seizure |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 610,300 | $ 82,240 | $ 3,564 |
| Restricted cash and cash equivalents | 41,943 | 0 | 0 |
| Receivables (net) | | | |
| Intergovernmental | 0 | 0 | 0 |
| Taxes | 723,667 | 0 | 0 |
| Leases | 72,653 | 0 | 0 |
| Prepaid items | 18,730 | 0 | 0 |
| Due from other funds | 793 | 0 | 0 |
| **Total assets** | $ 1,468,086 | $ 82,240 | $ 3,564 |
| **LIABILITIES** | | | |
| Accounts payable | $ 22,898 | $ 31,105 | $ 0 |
| Accrued salaries and payroll liabilities | 26,570 | 0 | 0 |
| Unearned revenue | 650 | 48,890 | 0 |
| Due to others | 8,857 | 0 | 0 |
| Due to other funds | 0 | 2,245 | 0 |
| Total liabilities | 58,975 | 82,240 | 0 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Unavailable revenue - property taxes | 101,700 | 0 | 0 |
| Leases | 76,133 | 0 | 0 |
| Total deferred inflows of resources | 177,833 | 0 | 0 |
| **FUND BALANCES** | | | |
| Nonspendable: | | | |
| Prepaid items | 18,730 | 0 | 0 |
| Restricted for: | | | |
| Public Safety | | | |
| Police equipment | 0 | 0 | 3,564 |
| Capital projects | 59,705 | 0 | 0 |
| Unassigned | 1,152,843 | 0 | 0 |
| Total fund balances | 1,231,278 | 0 | 3,564 |
| **Total liabilities, deferred inflows of resources, and fund balances** | $ 1,468,086 | $ 82,240 | $ 3,564 |

See accompanying notes to the financial statements.

| Capital Projects Funds | | |
|---|---|---|
| 2017 SPLOST | 2023 SPLOST | Total |
| $ 1,243,987 | $ 439,259 | $ 2,379,350 |
| 0 | 0 | 41,943 |
| 0 | 82,464 | 82,464 |
| 0 | 0 | 723,667 |
| 0 | 0 | 72,653 |
| 0 | 0 | 18,730 |
| 0 | 0 | 793 |
| $ 1,243,987 | $ 521,723 | $ 3,319,600 |
| $ 0 | $ 0 | $ 54,003 |
| 0 | 0 | 26,570 |
| 0 | 0 | 49,540 |
| 0 | 0 | 8,857 |
| 0 | 0 | 2,245 |
| 0 | 0 | 141,215 |
| 0 | 0 | 101,700 |
| 0 | 0 | 76,133 |
| 0 | 0 | 177,833 |
| 0 | 0 | 18,730 |
| 0 | 0 | 3,564 |
| 1,243,987 | 521,723 | 1,825,415 |
| 0 | 0 | 1,152,843 |
| 1,243,987 | 521,723 | 3,000,552 |
| $ 1,243,987 | $ 521,723 | $ 3,319,600 |

See accompanying notes to the financial statements.

This page intentionally left blank.

***CITY OF PORTERDALE, GEORGIA***
***RECONCILIATION OF THE BALANCE SHEET OF***
***GOVERNMENTAL FUNDS TO THE***
***STATEMENT OF NET POSITION***
***December 31, 2024***

| | | | |
|---|---|---|---|
| **Total fund balance - total governmental funds** | | | $ 3,000,552 |
| Amounts reported for governmental activities in the statement of net position are different because: | | | |
| Some assets are not financial resources and, therefore, are not reported in the funds. | | | |
| These are: | | | |
| Capital assets net of accumulated depreciation and amortization | | | 3,120,436 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds. | | | |
| These are: | | | |
| Compensated absences | $ | (46,408) | |
| Subscriptions payable | | (21,050) | |
| Notes payable | | (13,339) | (80,797) |
| Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the funds. | | | |
| These are: | | | |
| Property taxes | | | 101,700 |
| Net position of governmental activities | | | $ 6,141,891 |

See accompanying notes to the financial statements.

***CITY OF PORTERDALE, GEORGIA***
***STATEMENT OF REVENUES,***
***EXPENDITURES, AND CHANGES IN FUND BALANCES***
***GOVERNMENTAL FUNDS***
***For the year ended December 31, 2024***

| | | Special Revenue Funds | |
|---|---|---|---|
| | General | American Rescue Plan Act | Drug Seizure |
| **REVENUES** | | | |
| Taxes | $ 1,883,083 | $ 0 | $ 0 |
| Licenses and permits | 76,551 | 0 | 0 |
| Fines, fees and forfeitures | 224,980 | 0 | 0 |
| Charges for services | 2,834 | 0 | 0 |
| Intergovernmental | 60,722 | 216,133 | 0 |
| Interest | 1,158 | 0 | 0 |
| Contributions | 3,364 | 0 | 0 |
| Other | 23,708 | 0 | 0 |
| **Total revenues** | 2,276,400 | 216,133 | 0 |
| **EXPENDITURES** | | | |
| Current | | | |
| General Government | 393,621 | 0 | 0 |
| Judicial | 191,327 | 0 | 0 |
| Public Safety | 719,984 | 0 | 1,449 |
| Public Works | 347,303 | 172,441 | 0 |
| Culture and Recreation | 41,662 | 0 | 0 |
| Housing and Development | 210,241 | 0 | 0 |
| Capital outlay | 0 | 0 | 0 |
| Debt service | 28,896 | 0 | 0 |
| **Total expenditures** | 1,933,034 | 172,441 | 1,449 |
| Excess (deficiency) of revenue over (under) expenditures | 343,366 | 43,692 | (1,449) |
| Other financing sources (uses) | | | |
| Transfers in (out) | | | |
| Transfers in | 126,275 | 0 | 0 |
| Transfers out | (189,610) | (43,692) | 0 |
| Issuance of debt | 0 | 0 | 0 |
| Total other financing sources (uses) | (63,335) | (43,692) | 0 |
| Net change in fund balance | 280,031 | 0 | (1,449) |
| Fund balances, January 1 | 951,247 | 0 | 5,013 |
| **Fund balances, December 31** | $ 1,231,278 | $ 0 | $ 3,564 |

See accompanying notes to the financial statements.

| Capital Projects Funds | | |
|---|---|---|
| 2017 SPLOST | 2023 SPLOST | Totals |
| $ 0 | $ 0 | $ 1,883,083 |
| 0 | 0 | 76,551 |
| 0 | 0 | 224,980 |
| 0 | 0 | 2,834 |
| 0 | 468,683 | 745,538 |
| 0 | 0 | 1,158 |
| 0 | 0 | 3,364 |
| 0 | 0 | 23,708 |
| 0 | 468,683 | 2,961,216 |
| 0 | 0 | 393,621 |
| 0 | 0 | 191,327 |
| 0 | 0 | 721,433 |
| 0 | 0 | 519,744 |
| 0 | 0 | 41,662 |
| 0 | 0 | 210,241 |
| 146,368 | 131,753 | 278,121 |
| 0 | 28,397 | 57,293 |
| 146,368 | 160,150 | 2,413,442 |
| (146,368) | 308,533 | 547,774 |
| 0 | 0 | 126,275 |
| 0 | 0 | (233,302) |
| 0 | 26,948 | 26,948 |
| 0 | 26,948 | (80,079) |
| (146,368) | 335,481 | 467,695 |
| 1,390,355 | 186,242 | 2,532,857 |
| $ 1,243,987 | $ 521,723 | $ 3,000,552 |

See accompanying notes to the financial statements.

## *CITY OF PORTERDALE, GEORGIA*
## *RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES*
## *For the year ended December 31, 2024*

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds** | | $ 467,695 |
| 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. | | |
| Capital outlays | $ 256,325 | |
| Depreciation and amortization | (242,868) | 13,457 |
| The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues. | | |
| Issuance of debt | $ (26,948) | |
| Debt principal payments | 54,385 | 27,437 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenue. | | 17,853 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These include the following: | | |
| Net change in compensated absences | | (20,783) |
| Change in net position of governmental activities | | $ 505,659 |

See accompanying notes to the financial statements.

***CITY OF PORTERDALE, GEORGIA***
***GENERAL FUND***
***STATEMENT OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCE***
***BUDGET (GAAP) AND ACTUAL***
***For the year ended December 31, 2024***

| | Budget | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Taxes | $ 1,722,024 | $ 1,722,024 | $ 1,883,083 | $ 161,059 |
| Licenses and permits | 50,700 | 50,700 | 76,551 | 25,851 |
| Fines, fees and forfeitures | 200,100 | 200,100 | 224,980 | 24,880 |
| Charges for services | 1,050 | 1,050 | 2,834 | 1,784 |
| Intergovernmental | 0 | 0 | 60,722 | 60,722 |
| Interest | 0 | 0 | 1,158 | 1,158 |
| Contributions | 1,500 | 1,500 | 3,364 | 1,864 |
| Other | 19,200 | 19,200 | 23,708 | 4,508 |
| **Total revenues** | 1,994,574 | 1,994,574 | 2,276,400 | 281,826 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General Government | | | | |
| Mayor and Council | 50,100 | 50,100 | 42,031 | 8,069 |
| Administration | 534,249 | 534,249 | 351,590 | 182,659 |
| Judicial | | | | |
| Municipal Court | 199,530 | 199,530 | 191,327 | 8,203 |
| Public Safety | | | | |
| Police | 767,555 | 767,555 | 685,264 | 82,291 |
| Emergency Services | 40,000 | 40,000 | 34,255 | 5,745 |
| Detention Center | 7,000 | 7,000 | 465 | 6,535 |
| Public Works | | | | |
| Streets | 394,375 | 394,375 | 347,303 | 47,072 |
| Culture and Recreation | | | | |
| Parks and Recreation | 37,800 | 37,800 | 41,662 | (3,862) |
| Housing and Development | | | | |
| Planning and Zoning | 75,100 | 75,100 | 116,796 | (41,696) |
| Economic Development | 77,500 | 77,500 | 75,483 | 2,017 |
| Code Enforcement | 0 | 0 | 17,962 | (17,962) |
| Debt service | 18,065 | 18,065 | 28,896 | (10,831) |
| **Total expenditures** | 2,201,274 | 2,201,274 | 1,933,034 | 268,240 |
| Excess (deficiency) of revenues over (under) expenditures | (206,700) | (206,700) | 343,366 | 550,066 |
| Other financing sources (uses) | | | | |
| Transfers in | 251,000 | 251,000 | 126,275 | (124,725) |
| Transfers out | (50,000) | (50,000) | (189,610) | (139,610) |
| Total other financing sources (uses) | 201,000 | 201,000 | (63,335) | (264,335) |
| Changes in fund balances | (5,700) | (5,700) | 280,031 | 285,731 |
| Fund balances, January 1 | 5,700 | 5,700 | 951,247 | 945,547 |
| **Fund balances, December 31** | $ 0 | $ 0 | $ 1,231,278 | $ 1,231,278 |

See accompanying notes to the financial statements.

***CITY OF PORTERDALE, GEORGIA***
***AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND***
***STATEMENT OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCE***
***BUDGET (GAAP) AND ACTUAL***
***For the year ended December 31, 2024***

| | Budget | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Intergovernmental | $ 0 | $ 0 | $ 216,133 | $ 216,133 |
| **EXPENDITURES** | | | | |
| Public Works | 0 | 0 | 172,441 | (172,441) |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | 43,692 | 43,692 |
| Other financing sources (uses) | | | | |
| Transfers out | 0 | 0 | (43,692) | (43,692) |
| Changes in fund balances | 0 | 0 | 0 | 0 |
| Fund balances, January 1 | 0 | 0 | 0 | 0 |
| **Fund balances, December 31** | $ 0 | $ 0 | $ 0 | $ 0 |

See accompanying notes to the financial statements.

***CITY OF PORTERDALE, GEORGIA***
***DRUG SEIZURE SPECIAL REVENUE FUND***
***STATEMENT OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCE***
***BUDGET (GAAP) AND ACTUAL***
***For the year ended December 31, 2024***

| | Budget | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Fines and forfeitures | $ 0 | $ 0 | $ 0 | $ 0 |
| **EXPENDITURES** | | | | |
| Public Safety | 0 | 0 | 1,449 | (1,449) |
| Changes in fund balances | 0 | 0 | (1,449) | (1,449) |
| Fund balances, January 1 | 0 | 0 | 5,013 | 5,013 |
| **Fund balances, December 31** | $ 0 | $ 0 | $ 3,564 | $ 3,564 |

See accompanying notes to the financial statements.

***CITY OF PORTERDALE, GEORGIA***
***STATEMENT OF NET POSITION***
***PROPRIETARY FUNDS***
***December 31, 2024***

| | Business-Type Activities | | |
|---|---|---|---|
| | Water and Sewer | Sanitation | Totals |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | $ 590,482 | $ 10,157 | $ 600,639 |
| Restricted cash and cash equivalents | 90,690 | 0 | 90,690 |
| Receivables | | | |
| Accounts (net) | 76,196 | 10,358 | 86,554 |
| Intergovernmental | 775,942 | 0 | 775,942 |
| Prepaid items | 2,037 | 807 | 2,844 |
| Due from other funds | 2,245 | 0 | 2,245 |
| Total current assets | 1,537,592 | 21,322 | 1,558,914 |
| **Noncurrent assets** | | | |
| Capital assets | | | |
| Non-depreciable | 3,482,935 | 0 | 3,482,935 |
| Depreciable (net) | 3,086,272 | 0 | 3,086,272 |
| Total noncurrent assets | 6,569,207 | 0 | 6,569,207 |
| **Total assets** | 8,106,799 | 21,322 | 8,128,121 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Payables | | | |
| Accounts | 793,498 | 613 | 794,111 |
| Retainages | 118,630 | 0 | 118,630 |
| Interest | 3,343 | 0 | 3,343 |
| Accrued salaries and other payroll liabilities | 0 | 161 | 161 |
| Compensated absences | 521 | 0 | 521 |
| Due to other funds | 793 | 0 | 793 |
| Notes payable | 112,220 | 0 | 112,220 |
| Unearned revenue | 10,600 | 0 | 10,600 |
| Liabilities payable from restricted assets: | | | |
| Customer deposits payable | 90,690 | 0 | 90,690 |
| Total current liabilities | 1,130,295 | 774 | 1,131,069 |
| **Noncurrent liabilities** | | | |
| Notes payable | 3,147,844 | 0 | 3,147,844 |
| **Total liabilities** | 4,278,139 | 774 | 4,278,913 |
| **NET POSITION** | | | |
| Net investment in capital assets | 3,190,513 | 0 | 3,190,513 |
| Unrestricted | 638,147 | 20,548 | 658,695 |
| **Total net position** | $ 3,828,660 | $ 20,548 | $ 3,849,208 |

See accompanying notes to the financial statements.

***CITY OF PORTERDALE, GEORGIA***
***STATEMENT OF REVENUES, EXPENSES,***
***AND CHANGES IN FUND NET POSITION***
***PROPRIETARY FUNDS***
***For the year ended December 31, 2024***

| | Business-Type Activities | | |
|---|---|---|---|
| | Water and Sewer | Sanitation | Totals |
| **OPERATING REVENUES** | | | |
| Charges for services | $ 856,049 | $ 165,790 | $ 1,021,839 |
| **OPERATING EXPENSES** | | | |
| Costs of sales and services | 340,159 | 148,243 | 488,402 |
| Personal services | 170,173 | 40,992 | 211,165 |
| Depreciation | 154,205 | 0 | 154,205 |
| **Total operating expenses** | 664,537 | 189,235 | 853,772 |
| Operating income (loss) | 191,512 | (23,445) | 168,067 |
| Non-operating revenues (expenses) | | | |
| Interest expense | (30,568) | 0 | (30,568) |
| Income (loss) before transfers | 160,944 | (23,445) | 137,499 |
| Transfers in (out) | | | |
| Transfers in | 209,298 | 189,610 | 398,908 |
| Transfers out | (126,275) | (165,606) | (291,881) |
| Total transfers in (out) | 83,023 | 24,004 | 107,027 |
| Change in net position | 243,967 | 559 | 244,526 |
| Net position, January 1 | 3,584,693 | 19,989 | 3,604,682 |
| **Net position, December 31** | $ 3,828,660 | $ 20,548 | $ 3,849,208 |

See accompanying notes to the financial statements.

***CITY OF PORTERDALE, GEORGIA***
***STATEMENT OF CASH FLOWS***
***PROPRIETARY FUNDS***
***For the year ended December 31, 2024***

| | Business-Type Activities | | |
|---|---|---|---|
| | Water and Sewerage | Sanitation | Totals |
| **Cash flows from operating activities:** | | | |
| Receipts from customers | $ 875,530 | $ 165,946 | $ 1,041,476 |
| Payments to suppliers | (346,224) | (148,618) | (494,842) |
| Payments to employees | (171,293) | (40,992) | (212,285) |
| Net cash provided (used) by operating activities | 358,013 | (23,664) | 334,349 |
| **Cash flows from non-capital financing activities:** | | | |
| Payments to other funds | (126,275) | (165,606) | (291,881) |
| Receipts from other funds | 171,654 | 189,610 | 361,264 |
| Net cash provided (used) by non-capital and related financing activities | 45,379 | 24,004 | 69,383 |
| **Cash flows from capital financing and related financing activities:** | | | |
| Receipts from other governments | 38,437 | 0 | 38,437 |
| Receipts from other funds | 122,746 | 0 | 122,746 |
| Payments for acquisitions of capital assets | (1,218,782) | 0 | (1,218,782) |
| Payment of capital related accounts payable | (122,746) | 0 | (122,746) |
| Payment of capital related retainages payable | (27,339) | 0 | (27,339) |
| Proceeds from notes payable | 1,205,103 | 0 | 1,205,103 |
| Principal payments - promissory notes | (107,967) | 0 | (107,967) |
| Interest paid | (29,065) | 0 | (29,065) |
| Net cash provided (used) by capital and related financing activities | (139,613) | 0 | (139,613) |
| Net increase (decrease) in cash and cash equivalents | 263,779 | 340 | 264,119 |
| Cash and cash equivalents, January 1 | 417,393 | 9,817 | 427,210 |
| **Cash and cash equivalents, December 31** | $ 681,172 | $ 10,157 | $ 691,329 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | | |
| Operating income (loss) | $ 191,512 | $ (23,445) | $ 168,067 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation expense | 154,205 | 0 | 154,205 |
| (Increase) decrease in accounts receivable | 2,533 | 156 | 2,689 |
| (Increase) decrease in prepaid items | 222 | 391 | 613 |
| Increase (decrease) in accounts payable | (6,287) | (766) | (7,053) |
| Increase (decrease) in payroll liabilities | (1,120) | 0 | (1,120) |
| Increase (decrease) in unearned revenue | (2,612) | 0 | (2,612) |
| Increase (decrease) in deposits payable | 19,560 | 0 | 19,560 |
| Total adjustments | 166,501 | (219) | 166,282 |
| Net cash provided (used) by operating activities | $ 358,013 | $ (23,664) | $ 334,349 |
| **Cash and cash equivalents reconciliation** | | | |
| Cash and cash equivalents | $ 590,482 | $ 10,157 | $ 600,639 |
| Restricted cash and cash equivalents | 90,690 | 0 | 90,690 |
| | $ 681,172 | $ 10,157 | $ 691,329 |

**Noncash investing, capital, and financing activities**

Acquisition of capital assets through accounts payable totaled $775,942.
Acquisition of capital assets through retainages payable totaled $118,630.
Issuance of notes payable through intergovernmental receivable totaled $775,942.

See accompanying notes to the financial statements.

# 1. Description of Government Unit

The City of Porterdale was established in 1917. The City operates under a council/mayor form of government and provides the following services: public safety, street and sanitation, culture and recreation, public improvements, and general and administrative services. In addition, the City operates public utilities for water for the incorporated and immediate surrounding areas.

The City is governed by an elected Mayor and five-member council.

# 2. Summary of Significant Accounting Policies

## *A. Description of Government-wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

## *B. Reporting Entity*

Standards published by the Governmental Accounting Standards Board (GASB) define the financial reporting entity as (a) the primary government, (b) organizations for which the primary government is financially responsible, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, the financial statements of component units have been included as discretely presented component units. The City has two discretely presented component units. The component unit column on the government-wide financial statements is used to emphasize that the entities are legally separate from the City.

# 2. Summary of Significant Accounting Policies (continued)

## *B. Reporting Entity, continued*

Financial information pertaining to the component units can be obtained from the City upon request.

The Porterdale Historic Preservation Commission (the "Commission") is reported as a discretely presented component unit in the accompanying financial statements. The purpose of the Commission is to protect and enhance local historical and aesthetic attractions to tourists thereby promoting and stimulating business and to establish a uniform procedure for use in providing for the protection, enhancement, perpetuation and use of places, districts, sites, buildings, structures, objects, landscape features and works of art. The Commission was established by the City of Porterdale. The majority of the governing body of the Commission is appointed by the City of Porterdale City Council. There were no assets, liabilities, or net position for the Commission at the end of the current year.

The Downtown Development Authority (the "DDA") is reported as a discretely presented component unit in the accompanying financial statements. The purpose of the DDA is to promote business and commerce within the downtown business district of the City. The DDA is governed by a two-member Board of Directors. The directors are appointed as provided by O.C.G.A Section 36-41-1. All Directors must be approved by the City of Porterdale City Council. There were no assets, liabilities, or net position for the Downtown Development Authority at the end of the current year.

## *C. Basis of Presentation – Government-wide Financial Statements*

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

# 2. Summary of Significant Accounting Policies (continued)

## *D. Basis of Presentation – Fund Financial Statements*

The fund financial statements provide information about the government's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

***General Fund*** - The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

***American Rescue Plan Act Special Revenue Fund*** – This fund is used to account for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.

***Drug Seizure Special Revenue Fund*** – This fund is used to account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

***2017 SPLOST Fund*** – This fund is used to account for long-term projects financed by the passage of the 2017 Newton County special purpose local option sales tax.

***2023 SPLOST Fund*** – This fund is used to account for long-term projects financed by the passage of the 2023 Newton County special purpose local option sales tax.

# 2. Summary of Significant Accounting Policies (continued)

## *D. Basis of Presentation – Fund Financial Statements, continued*

The City reports the following major proprietary funds:

***Water and Sewer Fund*** - This fund is used to account for activities connected with the development, operation, and maintenance of water services in the City of Porterdale.

***Sanitation Fund*** - This fund is used to account for fees and expenses for the sanitation services provided to the citizens of the City of Porterdale.

***Proprietary Fund Types***

***Enterprise Funds*** - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

# 2. Summary of Significant Accounting Policies (continued)

## *D. Basis of Presentation – Fund Financial Statements, continued*

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

## *E. Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

# 2. Summary of Significant Accounting Policies (continued)

## *E. Measurement Focus and Basis of Accounting, continued*

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases and subscriptions are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

## *F. Revenues and Expenditures/Expenses*

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

# 2. Summary of Significant Accounting Policies (continued)

## *F. Revenues and Expenditures/Expenses, continued*

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. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## *G. Budgets and Budgetary Accounting*

The City Council adopts an annual budget for all governmental fund types, prior to January 1. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

In October each year, the departments submit their budget requests to the City Manager. The City Manager compiles a complete citywide budget and submits the proposed budget to the Mayor for review. Meetings are held between the Mayor, City Manager, and City Council in December to review the proposed budget. The City Manager then submits the proposed budget to the City Council.

Before the beginning of the next fiscal year, the Mayor and Council conduct a public hearing to discuss the proposed budget and to obtain input from the citizens of the City of Porterdale. This hearing is publicized in the local newspaper at least two weeks before the hearing. The final proposed budget is then adopted by the City Council on or before December 31 during a Council meeting, which is also open to the public.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. All changes may be made to the operating budget must be approved by the City Manager. All operating budget transfers between departments must be approved by City Council. Formal budgetary integration is employed as a management control device during the year.

# 2. Summary of Significant Accounting Policies (continued)

## *G. Budgets and Budgetary Accounting, continued*

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance, and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year-end.

## *H. Cash and Cash Equivalents*

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less.

## *I. Leases Receivable*

Leases receivable are measured at the present value of lease payments expected to be received during the lease terms. Under the lease agreements, the City may receive variable lease payments that depend upon the lessees' revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for each of the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the respective lease.

## *J. Property Taxes Receivable*

Taxes receivable represents the past year's delinquent real property taxes. An amount equal to the difference between year-end taxes receivable collected within sixty days after year end and the total year-end collectable taxes receivable has been recorded as deferred inflows of resources.

# 2. Summary of Significant Accounting Policies (continued)

## *K. Intergovernmental Receivables*

Receivables for state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

## *L. Prepaid Items*

Payments made to vendors for services that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

## *M. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended June 30, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Prior to July 1, 2007, neither their historical costs nor related depreciation had historically been reported in the financial statements. For entities the size of the City of Porterdale, retroactive reporting of infrastructure assets was not required.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their acquisition value on the date donated.

# 2. Summary of Significant Accounting Policies (continued)

## *M. Capital Assets, continued*

Land and construction-in-progress are not depreciation. The other property, plant equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the estimated useful lives or lease/subscription term of the respective assets ranging as follows:

| | Useful Life in Years | Capitalization Threshold |
|---|---|---|
| Land | N/A | $ 1 |
| Buildings and improvements | 15-50 | $ 5,000 |
| Distribution systems | 40 | $ 100,000 |
| Roads | 40 | $ 100,000 |
| Machinery and equipment | 5-10 | $ 5,000 |
| Vehicles | 5 | $ 5,000 |
| Intangible right-to-use assets | | |
| Software | 3-5 | $ 5,000 |

All land and easements will be valued and capitalized. The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

The City has recorded intangible right-to-use assets as a result of implementing GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The intangible right-to-use assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any subscription payments made prior to the subscription term, less subscription incentives, plus ancillary charges necessary to place the subscription into service. The intangible right-to-use assets are amortized on a straight-line basis over the shorter of the estimated useful life of the subscription asset or life of the related subscription.

# 2. Summary of Significant Accounting Policies (continued)

## *N. Deferred Outflows/Inflows of Resources, continued*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. At December 31, the City had no deferred outflows of resources to report.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to their leases.

## *O. Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation benefits and sick time (personal leave), which will be paid to the employees upon separation from City service. In accordance with GASB Statement No. 101, *Compensated Absences*, the City recognizes a liability for compensated absences for leave that has not been used if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability is also recognized for leave that has been used but not yet paid. The compensated absences liability includes the salary rates in effect at year-end as well as applicable salary-related payments associated with the payment of compensated absences upon termination, including employer payroll taxes and retirement contributions.

# 2. Summary of Significant Accounting Policies (continued)

## *O. Compensated Absences, continued*

The City's policies limit the number of hours of accumulated leave that may be paid to employees upon separation from City service. Accordingly, the compensated absences liability reflects only the portion of accumulated leave that is eligible for payment under those policies and is more likely than not to be used for time off.

Accumulated leave amounts are accrued when incurred by the City in the government-wide and proprietary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources. Accordingly, compensated absences are reported as an expenditure and liability in governmental funds when payments are due upon employee separation or when leave has been used but not yet paid.

## *P. Capital Contributions*

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

## *Q. Fund Balances – Governmental Funds*

The City follows GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In the fund financial statements, governmental funds report the following classifications of fund balance:

**Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at fiscal year-end by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

**Restricted** – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

# 2. Summary of Significant Accounting Policies (continued)

## *Q. Fund Balances – Governmental Funds, continued*

**Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Porterdale's highest level of decision-making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 120 days of fiscal year-end.

**Assigned** – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City Council's adopted policy, amounts may be assigned by the City Manager, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in capital project funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

**Unassigned** – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

For the purposes of fund balance classification, the City considers restricted amounts spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Furthermore, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, then committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

# 2. Summary of Significant Accounting Policies (continued)

## *R. Net Position Flow Assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## *S. Fund Balance Flow Assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted 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, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## *T. Restricted Assets and Restricted Net Position*

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of reserve.

# 3. Deposit and Investment Risk

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

**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 of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The City has no investment policy that would further limit its investment choices. Investments are reported at fair value.

**Concentration of Credit Risk**

The City has no formal policy on the amount the City may invest in any one issuer.

**Foreign currency risk**

The City has no investments denominated in a foreign currency.

# 4. Accounts Receivable

Net accounts receivable at the end of the current year consist of the following:

| | | |
|---|---|---|
| **Major Funds** | | |
| Enterprise Funds | | |
| Water and Sewer | $ 297,010 | |
| Less: Allowances for Uncollectibles | (220,814) | 76,196 |
| Sanitation | 40,415 | |
| Less: Allowances for Uncollectibles | (30,057) | 10,358 |
| **Total Primary Government** | | $ 86,554 |

## 5. Intergovernmental Receivables

Intergovernmental receivables at the end of the current year consist of the following:

| | |
|---|---|
| **Major Funds** | |
| Governmental Funds | |
| 2023 SPLOST | $ 82,464 |
| Enterprise Funds | |
| Water and Sewer | 775,942 |
| **Total Primary Government** | $ 858,406 |

## 6. Property Taxes

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for the 2024 tax digest year, based upon the assessments as of January 1, 2024, were levied on August 14, 2024, billed on August 19, 2024, and due on December 20, 2024. Taxes receivable at the end of the current year is made up of property tax in the amount of $552,871, net of an allowance placed on accounts deemed uncollectible, $106,349 of franchise taxes, $44,964 of sales taxes, and $19,483 of other taxes.

## 7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at the end of the current fiscal year is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General | Water and Sewer | $ 793 |
| Water and Sewer | American Rescue Plan Act | 2,245 |
| Subtotal | | $ 3,038 |

The balances reported as Due to/Due from resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made. All balances are expected to be repaid within one year. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

## 7. Interfund Receivables, Payables, and Transfers (continued)

A summary of interfund transfers is as follows:

| Transfer Out Fund | Transfer In Fund | Amount |
|---|---|---|
| General | Sanitation | $ 189,610 |
| American Rescue Plan Act | Water and Sewer | 43,692 |
| Water and Sewer | General | 126,275 |
| Sanitation | Water and Sewer | 165,606 |
| Total | | $ 525,183 |

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

## 8. Capital Assets

Capital asset activity for the primary government for the current year is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental activities** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 294,641 | $ 0 | $ 0 | $ 294,641 |
| Construction in progress | 38,559 | 18,298 | 0 | 56,857 |
| Total non-depreciable assets | 333,200 | 18,298 | 0 | 351,498 |
| Depreciable/amortizable assets | | | | |
| Buildings and improvements | 2,981,435 | 0 | 0 | 2,981,435 |
| Machinery and equipment | 615,712 | 34,184 | 0 | 649,896 |
| Vehicles | 491,739 | 168,579 | 0 | 660,318 |
| Intangible right-to-use assets | | | | |
| Software | 83,262 | 35,264 | 0 | 118,526 |
| Total depreciable/amortizable assets | 4,172,148 | 238,027 | 0 | 4,410,175 |
| Accumulated depreciation/amortization | | | | |
| Buildings and improvements | (697,522) | (90,896) | 0 | (788,418) |
| Machinery and equipment | (301,226) | (55,015) | 0 | (356,241) |
| Vehicles | (366,317) | (76,778) | 0 | (443,095) |
| Intangible right-to-use assets | | | | |
| Software | (33,304) | (20,179) | 0 | (53,483) |
| Total accumulated depreciation/amortization | (1,398,369) | (242,868) | 0 | (1,641,237) |
| Total depreciable/amortizable assets, net | 2,773,779 | (4,841) | 0 | 2,768,938 |
| Governmental activities capital assets, net | $ 3,106,979 | $ 13,457 | $ 0 | $ 3,120,436 |
| **Business-type activities** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 88,817 | $ 0 | $ 0 | $ 88,817 |
| Easements | 33,496 | 0 | 0 | 33,496 |
| Construction in progress | 1,247,268 | 2,113,354 | 0 | 3,360,622 |
| Total non-depreciable assets | 1,369,581 | 2,113,354 | 0 | 3,482,935 |
| Depreciable assets | | | | |
| Distribution system | 6,235,688 | 0 | 0 | 6,235,688 |
| Machinery and equipment | 151,752 | 0 | 0 | 151,752 |
| Total depreciable assets | 6,387,440 | 0 | 0 | 6,387,440 |
| Accumulated depreciation | | | | |
| Distribution system | (3,022,223) | (153,392) | 0 | (3,175,615) |
| Machinery and equipment | (124,740) | (813) | 0 | (125,553) |
| Total accumulated depreciation | (3,146,963) | (154,205) | 0 | (3,301,168) |
| Total depreciable assets, net | 3,240,477 | (154,205) | 0 | 3,086,272 |
| Business-type activities capital assets, net | $ 4,610,058 | $ 1,959,149 | $ 0 | $ 6,569,207 |

## 8. Capital Assets (continued)

Depreciation/amortization expense was charged to functions/programs as follows:

| | |
|---|---|
| **Primary Government** | |
| **Governmental activities** | |
| General Government | $ 21,265 |
| Public Safety | 71,763 |
| Public Works | 66,326 |
| Culture and Recreation | 83,514 |
| Total depreciation/amortization expense for governmental activities | $ 242,868 |
| **Business-type activities** | |
| Water and Sewer | $ 154,205 |

## 9. Long-Term Debt

### *Governmental Activities*

**Note from Direct Borrowing**

During 2022, the City entered into an agreement to finance the purchase of two vehicles with Georgia Municipal Association in the original amount of $51,200, bearing interest at 3.740%. The balance of the note was $13,339 at the end of the current year. The note calls for monthly payments of principal and interest of $1,505 and matures September 2025. The agreement is collateralized by the vehicles. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.

Annual debt service requirements to maturity are as follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 13,339 | $ 209 | $ 13,548 |

# 9. Long-Term Debt (continued)

## *Governmental Activities, continued*

### Subscriptions Payable

The City has entered into agreements to subscribe to certain software. The subscription agreements qualify as subscriptions under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and have been recorded at the present value of the future minimum subscription payments at their inception. Subscriptions payable are comprised of the following individual subscriptions at the end of the current year.

- $51,728 accounting software subscription due in annual installments of $10,834 through March 2026, interest at 1.931%, $21,050 outstanding.
- $26,948 camera software subscription due in annual installments ranging from $4,838 to $9,044 through June 2028, interest at 3.142%. This subscription was paid in advance resulting in no obligation due at the end of the current year.

The following is a schedule of future minimum subscription payments together with the present value of the net minimum subscription payments for the governmental activities at the end of the current year:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 10,423 | $ 410 | $ 10,833 |
| 2026 | 10,627 | 207 | 10,834 |
| Totals | $ 21,050 | $ 617 | $ 21,667 |

# 9. Long-Term Debt (continued)

## *Business-Type Activities*

**Notes from Direct Borrowings**

During 2007, the City entered into a direct borrowing agreement with Georgia Environmental Finance Authority in the original amount of $1,684,000, bearing interest at 3.870%. The balance of the note was $289,474 at the end of the current year. The note calls for monthly payments of principal and interest of $10,119 and matures May 2027. The purpose of the note was to increase the City's sewer capacity. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues, fees and charges collected by the City.

During 2018, the City entered into a direct borrowing agreement with Georgia Environmental Finance Authority in the original amount of $2,514,000 to provide financing of the costs to repair and rehabilitate a large portion of the City's sewerage system. During 2022, the agreement was amended to reflect an increase in funding to the amount of $3,296,000. Monthly installments of principal and interest are due beginning on the first day of the calendar month following the date that the loan is fully disbursed (the Amortization Commencement Date) for 239 months; interest at 1.250%. The City has drawn $2,970,590 on this agreement. As of the end of the current year, this note is still in the drawdown phase ($2,970,590 outstanding) and, therefore, is not included in the amortization schedule below. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes, fees and charges collected by the City.

# 9. Long-Term Debt (continued)

## *Business-Type Activities, continued*

**Notes from Direct Borrowings, continued**

Annual debt service requirements for notes from direct borrowings are as follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 112,220 | $ 9,203 | $ 121,423 |
| 2026 | 116,641 | 4,783 | 121,424 |
| 2027 | 60,613 | 679 | 61,292 |
| Totals | $ 289,474 | $ 14,665 | $ 304,139 |

# 10. Long-Term Liabilities

## *Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities of the City for the current year:

| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Notes from direct borrowings | $ 30,552 | $ 0 | $ (17,213) | $ 13,339 | $ 13,339 |
| Subscriptions payable | 31,274 | 26,948 | (37,172) | 21,050 | 10,423 |
| Compensated absences | 25,625 | 20,783 | 0 | 46,408 | 46,408 |
| Total Governmental Activities | $ 87,451 | $ 47,731 | $ (54,385) | $ 80,797 | $ 70,170 |
| **Business-type Activities** | | | | | |
| Notes from direct borrowings | $ 1,386,986 | $ 1,981,045 | $ (107,967) | $ 3,260,064 | $ 112,220 |
| Compensated absences | 1,641 | 0 | (1,120) | 521 | 521 |
| Total Business-type Activities | $ 1,388,627 | $ 1,981,045 | $ (109,087) | $ 3,260,585 | $ 112,741 |

The additions and deductions noted for compensated absences reflect the net change for the period. The total interest incurred and charged to expense for the current year was $2,908 for governmental activities and $30,568 for business-type activities.

## 11. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows as of the end of the current year:

| | Governmental Activities | Business-Type Activities |
|---|---|---|
| Cost of capital assets, net | $ 3,120,436 | $ 6,569,207 |
| Capital-related accounts payable | 0 | (775,942) |
| Capital-related retainages payable | 0 | (118,630) |
| Subscriptions payable | (21,050) | 0 |
| Intergovernmental receivables included in notes payable | 0 | 775,942 |
| Notes payable | (13,339) | (3,260,064) |
| Net investment in capital assets | $ 3,086,047 | $ 3,190,513 |

## 12. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Northeast Georgia Regional Commission and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from Northeast Georgia Regional Commission, 305 Research Drive, Athens, GA 30605.

## 13. Risk Management

Material estimates have been made by management about the life of depreciated capital assets. Management has used a conservative approach on these estimates.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. City has elected to manage its risk financing activities through the purchase of commercial insurance. There have been no insurance settlements exceeding insurance coverage for any of the past three years.

## 13. Risk Management (continued)

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At the end of the current year, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

## 14. Commitments and Contingencies

### *Commitments*

As of the end of the current year, contractual commitments on uncompleted contracts totaled $740,064.

### *Contingencies*

The City's legal counsel has stated that there are presently no determinable lawsuits.

## 15. Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted

During the current fiscal year, the City incurred expenditures in certain departments within the General Fund that materially exceeded the amounts appropriated in the adopted budget. In addition, the City did not adopt an annual budget for the American Rescue Plan Act (ARPA) and Drug Seizure Special Revenue Funds.

| Department | Budget | Actual | Variance |
|---|---|---|---|
| General Fund | | | |
| Parks and Recreation | $ 37,800 | $ 41,662 | (3,862) |
| Planning and Zoning | 75,100 | 116,796 | (41,696) |
| Code Enforcement | 0 | 17,962 | (17,962) |
| Debt Service | 18,065 | 28,896 | (10,831) |
| American Rescue Plan Act Special Revenue Fund | 0 | 172,441 | (172,441) |
| Drug Seizure Special Revenue Fund | 0 | 1,449 | (1,449) |

## 16. Defined Contribution Plan

The City participates in the Georgia Municipal Association (GMA) 401(a) Defined Contribution Plan, which is a qualified governmental retirement plan established in accordance with Internal Revenue Code Section 401(a). The plan is administered by the Georgia Municipal Association through the GMA Defined Contribution and Deferred Compensation Plan Trust.

Under the plan, eligible City employees receive employer contributions equal to 3.5 percent of their eligible compensation. Contributions are allocated to individual participant accounts and invested in accordance with investment options available through the plan.

Employer contributions vest based on a graduated vesting schedule ranging from 20 percent after one year of service to 100 percent after five years of service. Employee accounts are fully vested in their own contributions and the earnings thereon.

The City's total employer contributions to the plan for the current fiscal year were $28,457. The City had no outstanding liability related to the plan at year end because contributions are recognized as expenditures when due.

## 17. Deferred Compensation Plan

The City provides retirement benefits for its employees through a deferred compensation plan. The Plan was created under Internal Revenue Code Sections 457. The plan is administered by the Georgia Municipal Association (GMA) and is available to all eligible employees of the City. he plan permits eligible employees to defer a portion of their compensation until future years.

Under the terms of the Plan, employees may defer a portion of their salary through voluntary contributions to the Plan. Employees may defer the lesser of 100 percent of their annual salary or up to $23,000 of their salary, the maximum allowable by federal law. The City does not contribute to the Plan.

## 17. Deferred Compensation Plan (continued)

Employee contributions are vested 100% at the time of contribution. Amounts held in the Plan are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During the fiscal year, the City contributed $0 to the plan. Employees contributed approximately $8,667 in tax-deferred contributions and $10,646 in designated Roth contributions to the plan.

The City has no fiduciary relationship with the plans, and plan assets are not available to the City or its general creditors. The Plans assets are held in trust by the administrator for the exclusive benefit of the participants of the Plans.

## 18. Subsequent Events

In May 2025, the City issued revenue bonds (Series 2025A and 2025B) in the amount of $3,296,000 in order to fund improvements to the City's sewer system.

## 19. New Accounting Pronouncements

The City implemented GASB Statement No. 101, *Compensated Absences*, effective for the City's current year. The requirements of this statement are effective for periods beginning after December 15, 2023. The implementation of this new standard had no impact on the City's net position.

The City early implemented GASB Statement No. 102, *Certain Risk Disclosures*, effective for the City's current year. The requirements of this statement are effective for periods beginning after June 15, 2024. The implementation of this new standard had no impact on the City's net position.

***OTHER REPORTING SECTION***

This page intentionally left blank.

***SINGLE AUDIT SECTION***

This section contains reports required by the Uniform Guidance and grantor agencies.

This page intentionally left blank.

## 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*

Honorable Mayor and
Members of the City Council
City of Porterdale, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Porterdale, Georgia, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Porterdale, Georgia's basic financial statements and have issued our report thereon dated March 13, 2026.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Porterdale, Georgia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Porterdale, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Porterdale, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001 through 2024-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-004 through 2024-006 to be significant deficiencies.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Porterdale, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-007.

**City of Porterdale, Georgia's Response to Findings**

The City of Porterdale, Georgia's response to the findings identified in our audit is included above. The City of Porterdale, Georgia's response was 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 City of Porterdale, Georgia'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.

Rushton, LLC

Gainesville, Georgia
March 13, 2026

## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and
Members of the City Council
City of Porterdale, Georgia

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited the City of Porterdale, Georgia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Porterdale, Georgia's major federal programs for the year ended December 31, 2024. The City of Porterdale, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Porterdale, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Porterdale, Georgia and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Porterdale, Georgia's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Porterdale, Georgia's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Porterdale, Georgia's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Porterdale, Georgia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 City of Porterdale, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of City of Porterdale, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Porterdale, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Rushton, LLC*

Gainesville, Georgia
March 13, 2026

## *CITY OF PORTERDALE, GEORGIA*
## *SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
## *For the year ended December 31, 2024*

| Federal Grant/Pass-Through Grantor/Assistance Listing Program | Federal Assistance Listing Number | Pass-Through Number | Total Federal Expenditures |
|---|---|---|---|
| **U.S. Department of the Treasury** | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | N/A | $ 216,133 |
| **U.S. Environmental Protection Agency** | | | |
| Passed through Georgia Environmental Finance Authority: Clean Water State Revolving Fund | 66.458 | CW2018008 | 1,755,582 |
| **Total Federal Awards** | | | $ 1,971,715 |

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

***CITY OF PORTERDALE, GEORGIA***
***NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***
***For the year ended December 31, 2024***

## 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Porterdale, Georgia, under programs for the federal government for the current fiscal year. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

## 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

## 3. De Minimis Indirect Cost Rate

The City of Porterdale, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

## 4. Payments to Subrecipients

For the current year, the City of Porterdale, Georgia did not pass any federal funds through to subrecipient.

***CITY OF PORTERDALE, GEORGIA***
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***
***For the year ended December 31, 2024***

# 1. Summary of the Auditor's Results

## *A. Financial Statements*

| | |
|---|---|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | Yes |
| Significant deficiencies identified not considered material weaknesses? | Yes |
| Noncompliance material to financial statements noted? | Yes |

## *B. Federal Awards*

| | |
|---|---|
| Internal control over major programs: | |
| Material weaknesses identified? | None reported |
| Significant deficiencies identified not considered material weaknesses? | None reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | None reported |

Identification of major programs:

| | |
|---|---|
| 21.027 | COVID-19 Coronavirus State and Local Fiscal Recovery Funds |
| 66.458 | Clean Water State Revolving Fund |

| | |
|---|---|
| Dollar threshold used to distinguish Between Type A and Type B programs: | $750,000 |
| Auditee qualified as low-risk auditee? | No |

# 2. Financial Statement Findings and Responses

## *A. Current Year Audit Findings*

**2024-001**

*Criteria:* Proper internal controls require adequate segregation of financial duties.

*Condition:* While performing audit procedures, we noted that there is a lack of segregation of financial duties. The City Clerk performs receipting, daily balancing, prepares checks, and records all activity in the general ledger.

*Cause:* The City does not have an adequate number of staff to properly segregate financial duties.

*Effect:* Failure to maintain adequate segregation of financial duties subjects the City's assets to greater risk of misappropriation.

*Recommendation:* To ensure that sufficient internal controls are in place, the City should properly segregate financial duties as much as possible with available resources.

*Management Response:* Management concurs with this finding. Management intends to evaluate the current policies and procedures to ensure that duties are segregated to the greatest extent possible utilizing the City's current resources. This action was taken immediately upon receipt of the comment from our auditors.

**2024-002**

*Criteria:* Internal controls should be in place to ensure the City can perform timely and accurate year-end close procedures to produce its financial statements.

*Condition:* The City lacks sufficient controls and procedures regarding year-end close to ensure timely and accurate financial reporting. The financial statements required material adjustments during the audit process.

*Cause:* Various posting and classification errors led to account balances not agreeing to subsidiary ledgers and supporting documentation.

*Effect:* Failure to properly design and implement internal controls over year-end close procedures may lead to financial statements that are materially misstated and lead to delays in financial reporting.

*Recommendation:* We recommend that the City hire an outside accounting firm to assist with the annual financial close process and to add expertise to the City's accounting function.

*Management Response:* Management concurs with this finding. Management will ensure that proper internal controls over the year-end close procedures are designed and implemented.

# 2. Financial Statement Findings and Responses, continued

## *A. Current Year Audit Findings (continued)*

**2024-003**

*Criteria:* Effective internal control requires that the City accept responsibility and understanding of the audited financial report.

*Condition:* City personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the City relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the City of Porterdale, Georgia. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, ensuing changes to auditing standards could state that providing technical assistance would impair the independence of the external auditor.

*Cause*: City staff does not have adequate experience in government accounting principles to implement them or prepare the financial statements.

*Effect:* Failure to understand the financial statements may lead to material misstatements.

*Recommendation*: City personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the City's financial statements.

*Management Response:* Management concurs with this finding. The City has determined that the cost of training City personnel to fully perform the duties of a financial director is prohibitive. The governing body and management have determined that personnel should receive training to the extent that is economically feasible and to continue to rely on the technical assistance of the external auditor or other qualified professionals when necessary. This action was taken immediately upon receipt of the comment from our auditors.

**2024-004**

*Criteria:* Generally accepted accounting principles require that disbursements be properly classified in the financial records to ensure the financial statements are presented fairly.

*Condition:* While performing audit procedures over capital assets and related disbursements, we noted that several disbursements tested were incorrectly classified in the general ledger. Specifically, certain capital outlays were recorded as operating expenditures, and certain operating expenditures were recorded as capital outlays.

*Cause:* Disbursements were not consistently reviewed to ensure proper classification when recorded in the general ledger.

*Effect:* Improper classification of disbursements may result in inaccurate reporting of expenditures and capital assets in the financial statements.

*Recommendation:* Management should implement procedures to ensure that disbursements are properly reviewed and classified when recorded in the general ledger. Supporting documentation should be maintained for all transactions to provide an adequate audit trail and support the classification of expenditures.

# 2. Financial Statement Findings and Responses, continued

## *A. Current Year Audit Findings (continued)*

**2024-004, continued**

*Management Response:* Management concurs with this finding. Management will implement procedures to ensure that supporting documentation is maintained for all transactions and that disbursements are reviewed for accuracy and properly classified when recorded in the general ledger.

**2024-005**

*Criteria*: Proper internal controls require that all financial transactions have adequate and appropriate approval.

*Condition:* While performing audit procedures over utility customer account adjustments and disbursements, we noted there is no formal approval process for adjustments and no documented evidence of approval for disbursements. All adjustments and disbursements tested appeared appropriate.

*Cause:* Evidence that documents approval of utility customer account adjustments and disbursements is not maintained by the City. Procedures requiring documented supervisory approval for utility customer account adjustments and disbursements have not been formally established or consistently maintained by the City.

*Effect:* Failure to maintain proper supporting documentation evidencing approval of utility customer account adjustments and disbursements increases the risk that unauthorized or inappropriate transactions could occur and not be detected in a timely manner.

*Recommendation:* The City should implement procedures requiring supervisory approval of utility customer account adjustments and disbursements and retain documentation evidencing such approval.

*Management Response:* Management concurs with this finding. Management will direct the appropriate employee to implement the recommendation.

**2024-006**

*Criteria:* OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, each Special Revenue Fund, and each Debt Service Fund.

*Condition:* The City experienced a material excess of expenditures over appropriations in the General Fund. Also, no annual budget was approved for the American Rescue Plan Act Special Revenue Fund or the Drug Seizure Special Revenue Fund.

*Cause:* The City did not amend the General Fund budget to ensure resources were available for the material overbudget expenditures and did not adopt an annual budget for the American Rescue Plan Act Special Revenue Fund or the Drug Seizure Special Revenue Fund.

*Effect:* Failure to maintain expenditures within the balanced budgets as required by OCGA Code Section 36-81-3 will place the City in violation of state law.

# 2. Financial Statement Findings and Responses, continued

## *A. Current Year Audit Findings (continued)*

**2024-006, continued**

*Recommendation:* City management should ensure that budget to actual comparisons are periodically reviewed by City management and budgets amended as needed to ensure that the City remains in compliance with state law and all budgets required are adopted.

*Management Response:* Management concurs with this finding. Management will review budget to actual comparisons and recommend any necessary budget revisions to the City Council for adoption. This action was taken immediately upon receipt of the comment from our auditors.

## *B. Prior Year Audit Findings Follow-Ups*

None reported.

# 3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

***STATE REPORTING SECTION***

***CITY OF PORTERDALE, GEORGIA***
***SCHEDULE OF PROJECTS FINANCED WITH***
***SPECIAL PURPOSE LOCAL OPTION SALES TAX***
***For the year ended December 31, 2024***

| Project | Estimated Cost * Original | Estimated Cost * Current | Expenditures Prior Years** | Expenditures Current Year | Expenditures Total |
|---|---|---|---|---|---|
| **NEWTON COUNTY 2017 SPLOST** | | | | | |
| Public Works, Transportation, and Park Maintenance | $ 393,600 | $ 393,600 | $ 716,028 | $ 138,332 | $ 854,360 |
| Yellow River Park | 370,314 | 370,314 | 388,431 | 1,275 | 389,706 |
| Municipal Building | 1,574,000 | 1,574,000 | 632,992 | 6,761 | 639,753 |
| Gymnasium Improvements | 98,800 | 98,800 | 124,919 | 0 | 124,919 |
| Total | $ 2,436,714 | $ 2,436,714 | $ 1,862,370 | $ 146,368 | $ 2,008,738 |

| Project | Estimated Cost Original | Estimated Cost Current | Expenditures Prior Years | Expenditures Current Year | Expenditures Total |
|---|---|---|---|---|---|
| **NEWTON COUNTY 2023 SPLOST** | | | | | |
| Public Works Vehicles and Equipment | $ 162,000 | $ 162,000 | $ 0 | $ 0 | $ 0 |
| Public Safety Vehicles | 240,000 | 240,000 | 45,000 | 60,379 | 105,379 |
| Public Facilities for City Hall and/or Public Works | 818,818 | 818,818 | 4 | 43 | 47 |
| Public Safety Communication and Information Technology | 80,000 | 106,948 | 0 | 99,728 | 99,728 |
| Public Works Water and Sewer Projects | 500,000 | 500,000 | 0 | 0 | 0 |
| Road, Street, and Bridge Projects | 400,000 | 400,000 | 0 | 0 | 0 |
| Total | $ 2,200,818 | $ 2,227,766 | $ 45,004 | $ 160,150 | $ 205,154 |

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

** Capital expenditures related to debt service payments were included in the above schedule in prior years.