CITY OF UNION POINT, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

CITY OF UNION POINT, GEORGIA

FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022
AND INDEPENDENT AUDITOR'S REPORT

CITY OF UNION POINT, GEORGIA

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CITY OF UNION POINT, GEORGIA

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MCNAIR MCLEMORE MIDDLEBROOKS & CO
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April 9, 2026

INDEPENDENT AUDITOR'S REPORT

Mayor and Council
City of Union Point, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of **City of Union Point, Georgia** (the "City"), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund – American Rescue 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 (GAAS) 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In performing an audit in accordance with GAAS 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'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's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in the City's net pension liability and related ratios on page 45, the schedule of City contributions on page 46, and the notes to the required supplementary information on pages 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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's basic financial statements. The schedule of projects constructed with special tax proceeds, the Downtown Development Authority's financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of projects constructed with special tax proceeds, the Downtown Development Authority's financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of projects constructed with special tax proceeds, the Downtown Development Authority's financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

FINANCIAL STATEMENTS

CITY OF UNION POINT, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Current Assets				
Cash and Cash Equivalents	$ 1,743,577	$ 754,330	$ 2,497,907	$ 34,610
Certificates of Deposit	3,588	-	3,588	-
Restricted Cash	-	600,060	600,060	-
Receivables, Net of Allowance				
Taxes	224,176	-	224,176	-
Accounts	14,123	123,124	137,247	-
Intergovernmental	197,595	-	197,595	-
Prepaids	53,924	-	53,924	-
Total Current Assets	2,236,983	1,477,514	3,714,497	34,610
Noncurrent Assets				
Investment - Joint Venture	-	4,275,740	4,275,740	-
Capital Assets				
Nondepreciable	289,248	4,695,561	4,984,809	39,935
Depreciable, Net	962,340	5,320,332	6,282,672	186,624
Total Noncurrent Assets	1,251,588	14,291,633	15,543,221	226,559
Total Assets	3,488,571	15,769,147	19,257,718	261,169
Deferred Outflow of Resources				
Related to Pensions	38,216	32,336	70,552	-
Total Deferred Outflow of Resources	38,216	32,336	70,552	-

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022
(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Liabilities				
Current Liabilities				
Accounts Payable	$ 5,618	$ 92,985	$ 98,603	$ 4,729
Retainage Payable	-	213,813	213,813	-
Accrued Interest	-	31,002	31,002	-
Accrued Expenses	2,704	12,693	15,397	-
Unearned Revenue	637,754	-	637,754	-
Due To Other Governments	-	16,953	16,953	-
Customer Deposits	-	68,123	68,123	-
Total Current Liabilities	646,076	435,569	1,081,645	4,729
Noncurrent Liabilities				
Due within One Year				
Bonds Payable	-	163,652	163,652	-
Notes Payable	-	172,319	172,319	-
Compensated Absences	15,969	10,302	26,271	-
Due in more than One Year				
Bonds Payable	-	5,749,787	5,749,787	-
Notes Payable	-	2,367,782	2,367,782	-
Net Pension Liability	54,725	46,304	101,029	-
Total Noncurrent Liabilities	70,694	8,510,146	8,580,840	-
Total Liabilities	716,770	8,945,715	9,662,485	4,729
Deferred Inflows of Resources				
Deferred Revenue - Property Taxes	211,279	-	211,279	-
Related to Pensions	61,072	51,677	112,749	-
Total Deferred Inflows of Resources	272,351	51,677	324,028	-
Net Position				
Net Investment in Capital Assets	1,251,588	4,972,940	6,224,528	226,559
Restricted				
Debt Service	-	276,989	276,989	-
Capital Outlay	85	593,060	593,145	-
Unrestricted	1,285,993	961,102	2,247,095	29,881
Total Net Position	$ 2,537,666	$ 6,804,091	$ 9,341,757	$ 256,440

See accompanying notes which are an integral part of these financial statements.

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CITY OF UNION POINT, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Downtown Development Authority
Primary Government								
Governmental Activities								
General Government	$ 274,394	$ 59,883	$ 75,602	$ -	$ (138,909)	$ -	$ (138,909)	
Judicial	22,895	-	-	-	(22,895)	-	(22,895)	
Public Safety	244,006	-	24,000	82,050	(137,956)	-	(137,956)	
Public Works	282,280	-	-	-	(282,280)	-	(282,280)	
Culture and Recreation	18,498	-	-	-	(18,498)	-	(18,498)	
Housing and Development	83,007	-	36,590	-	(46,417)	-	(46,417)	
Total Governmental Activities	925,080	59,883	136,192	82,050	(646,955)	-	(646,955)	
Business-Type Activities								
Water and Sewer Fund	1,252,950	932,809	-	1,237,188	-	917,047	917,047	
Natural Gas Fund	503,898	261,216	-	330,287	-	87,605	87,605	
Total Business-Type Activities	1,756,848	1,194,025	-	1,567,475	-	1,004,652	1,004,652	
Total Primary Government	$ 2,681,928	$ 1,253,908	$ 136,192	$ 1,649,525	(646,955)	1,004,652	357,697	
Component Units								
Downtown Development Authority	$ 23,737	$ 5,228	$ 25,000	$ 43,200				$ 49,691
Total Component Units	$ 23,737	$ 5,228	$ 25,000	$ 43,200				49,691
		General Revenues						
		Property Tax			263,173	-	263,173	-
		Sales Tax			685,622	-	685,622	-
		Other Tax			235,391	-	235,391	-
		Investment Earnings			-	8,313	8,313	-
		Joint Venture Income (Loss)			-	(345,945)	(345,945)	-
		Miscellaneous			16,110	3,600	19,710	4,250
		Total General Revenues			1,200,296	(334,032)	866,264	4,250
		Transfers			(79,943)	79,943	-	-
		Total General Revenues and Transfers			1,120,353	(254,089)	866,264	4,250
		Change in Net Position			473,398	750,563	1,223,961	53,941
		Net Position - Beginning of Year			2,064,268	6,053,528	8,117,796	202,499
		Net Position - End of Year			$ 2,537,666	$ 6,804,091	$ 9,341,757	$ 256,440

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	American Rescue Plan Fund	SPLOST Fund	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 1,105,738	$ 637,754	$ 85	$ 1,743,577
Certificates of Deposit	3,588	-	-	3,588
Receivables, Net of Allowance				
Taxes	224,176	-	-	224,176
Accounts	14,123	-	-	14,123
Intergovernmental	197,595	-	-	197,595
Prepaids	53,924	-	-	53,924
Total Assets	$ 1,599,144	$ 637,754	$ 85	$ 2,236,983
Liabilities				
Accounts Payable	$ 5,618	$ -	$ -	$ 5,618
Accrued Expenses	2,704	-	-	2,704
Unearned Revenue	-	637,754	-	637,754
Total Liabilities	8,322	637,754	-	646,076
Deferred Inflows of Resources				
Deferred Revenue - Property Taxes	211,279	-	-	211,279
Unavailable Revenue - Property Taxes	11,400	-	-	11,400
Total Deferred Inflows of Resources	222,679	-	-	222,679
Fund Balances				
Nonspendable	53,924	-	-	53,924
Restricted	-	-	85	85
Unassigned	1,314,219	-	-	1,314,219
Total Fund Balances	1,368,143	-	85	1,368,228
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,599,144	$ 637,754	$ 85	$ 2,236,983

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds	$ 1,368,228
Amounts reported for governmental activities in the statement of net position are different because:	
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the Assets	3,941,222
Accumulated Depreciation	(2,689,634)
Deferred Outflows of Resources	
Related to Pensions	38,216
Long-Term Liabilities	
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated Absences	(15,969)
Net Pension Liability	(54,725)
Deferred Inflows of Resources	
Related to Pensions	(61,072)
Revenues	
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.	11,400
Total Net Position of Governmental Activities	$ 2,537,666

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	General Fund	American Rescue Plan Fund	SPLOST Fund	Total Governmental Funds
Revenues				
Taxes				
Property Tax	$ 258,438	$ -	$ -	$ 258,438
Sales Tax	685,622	-	-	685,622
Other Taxes	235,391	-	-	235,391
Licenses and Permits	21,960	-	-	21,960
Intergovernmental	60,590	75,602	82,050	218,242
Charges for Services	17,996	-	-	17,996
Fines and Forfeitures	19,927	-	-	19,927
Miscellaneous Revenues	16,110	-	-	16,110
Total Revenues	1,316,034	75,602	82,050	1,473,686
Expenditures				
Current				
General Government	264,299	27	-	264,326
Judicial	22,895	-	-	22,895
Public Safety	230,861	-	15,318	246,179
Public Works	195,296	-	-	195,296
Culture and Recreation	18,498	-	-	18,498
Housing and Development	83,007	-	-	83,007
Capital Outlay	-	-	66,732	66,732
Total Expenditures	814,856	27	82,050	896,933
Excess (Deficiency) of Revenues Over (Under) Expenditures	501,178	75,575	-	576,753
Other Financing Sources (Uses)				
Transfers From Other Funds	26,200	-	-	26,200
Transfers To Other Funds	(30,568)	(75,575)	-	(106,143)
Total Other Financing Sources (Uses)	(4,368)	(75,575)	-	(79,943)
Net Changes in Fund Balances	496,810	-	-	496,810
Fund Balances - Beginning of Year	871,333	-	85	871,418
Fund Balances - End of Year	$ 1,368,143	$ -	$ 85	$ 1,368,228

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Net Change in Fund Balances - Total Governmental Funds	$	496,810
Amounts reported for governmental activities in the statement of activities are different because:		
Capital Assets		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Total Capital Outlays		81,732
Total Depreciation		(117,619)
Deferred outflows of resources related to pensions are not available during the current period and therefore are not reported in the funds.		
Change in Deferred Outflows of Resources Related to Pensions		(7,026)
Long-Term Debt		
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:		
Compensated Absences		(137)
Net Pension Liability		62,671
Deferred inflows of resources related to pensions are not available during the current period and therefore are not reported in the funds.		
Change in Deferred Inflows of Resources Related to Pensions		(47,768)
Revenues		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		4,735
Change in Net Position of Governmental Activities	$	473,398

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 894,500	$ 894,500	$ 1,179,451	$ 284,951
Licenses and Permits	13,800	13,800	21,960	8,160
Intergovernmental	88,050	88,050	60,590	(27,460)
Charges for Services	12,750	12,750	17,996	5,246
Fines and Forfeitures	18,200	18,200	19,927	1,727
Miscellaneous	36,050	36,050	16,110	(19,940)
Total Revenues	1,063,350	1,063,350	1,316,034	252,684
Expenditures				
Current				
General Government				
Governing Body	25,600	25,600	39,709	(14,109)
Board of Elections/Registrations	16,000	16,000	14,154	1,846
Financial Administration	69,200	69,200	45,665	23,535
City Facilities	209,100	209,100	164,771	44,329
Judicial				
Municipal Court	26,200	26,200	22,895	3,305
Public Safety				
Police	252,472	252,472	148,653	103,819
Fire Administration	72,500	72,500	65,494	7,006
Animal Control	20,100	20,100	16,714	3,386
Public Works				
Highways and Streets	84,000	84,000	74,486	9,514
Solid Waste and Recycling	57,950	57,950	57,346	604
Cemetery	60,550	60,550	63,464	(2,914)
Culture and Recreation				
Parks and Recreation	79,250	79,250	18,498	60,752

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
(CONTINUED)

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Housing and Development				
Protective Inspection Administration	$ 8,000	$ 8,000	$ 7,863	$ 137
Economic Development and Assistance	135,428	135,428	73,877	61,551
Main Street	-	-	1,267	(1,267)
Special Events	2,000	2,000	-	2,000
Total Expenditures	1,118,350	1,118,350	814,856	303,494
Excess of Revenue Over (Under) Expenditure	(55,000)	(55,000)	501,178	556,178
Other Financing Sources (Uses)				
Transfers From Other Funds	50,000	50,000	26,200	(23,800)
Transfers To Other Funds	-	-	(30,568)	(30,568)
Proceeds From the Sale of Assets	5,000	5,000	-	(5,000)
Total Other Financing Sources (Uses)	55,000	55,000	(4,368)	(59,368)
Net Change in Fund Balances	-	-	496,810	496,810
Fund Balances - Beginning of Year	871,333	871,333	871,333	-
Fund Balances - End of Year	$ 871,333	$ 871,333	$ 1,368,143	$ 496,810

See accompanying notes which are an integral part of these financial statements.

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CITY OF UNION POINT, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
AMERICAN RESCUE PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ 75,602	$ 75,602
Total Revenues	-	-	75,602	75,602
Expenditures				
Current				
General Government	-	-	27	(27)
Total Expenditures	-	-	27	(27)
Excess of Revenue Over (Under) Expenditure	-	-	75,575	75,575
Other Financing Sources (Uses)				
Transfer to Other Funds	-	-	(75,575)	(75,575)
Total Other Financing Sources (Uses)	-	-	(75,575)	(75,575)
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	$ -	$ -	$ -	$ -

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	**Natural Gas Fund**	**Total**
Assets			
Current Assets			
Cash and Cash Equivalents	$ 58,221	$ 419,120	$ 477,341
Restricted Cash	283,989	593,060	877,049
Accounts Receivable, Net	113,924	9,200	123,124
Total Current Assets	456,134	1,021,380	1,477,514
Long-Term Assets			
Investment - Joint Venture	-	4,275,740	4,275,740
Capital Assets			
Nondepreciable	4,695,561	-	4,695,561
Depreciable, Net	5,270,008	50,324	5,320,332
Total Long-Term Assets	9,965,569	4,326,064	14,291,633
Total Assets	10,421,703	5,347,444	15,769,147
Deferred Outflows of Resources			
Related to Pensions	25,477	6,859	32,336
Total Deferred Outflows of Resources	25,477	6,859	32,336

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022
(CONTINUED)

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	**Natural Gas Fund**	**Total**
Liabilities			
Current Liabilities			
Accounts Payable	$ 65,687	$ 27,298	$ 92,985
Retainage Payable	213,813	-	213,813
Salaries and Benefits Payable	10,165	2,528	12,693
Accrued Interest	5,037	25,965	31,002
Due To Other Governments	-	16,953	16,953
Customer Deposits	45,195	22,928	68,123
Bonds Payable	88,652	75,000	163,652
Notes Payable	18,074	154,245	172,319
Compensated Absences	2,476	7,826	10,302
Total Current Liabilities	449,099	332,743	781,842
Long-Term Liabilities			
Bonds Payable	4,490,376	1,259,411	5,749,787
Notes Payable	181,551	2,186,231	2,367,782
Net Pension Liability	36,482	9,822	46,304
Total Long-Term Liabilities	4,708,409	3,455,464	8,163,873
Total Liabilities	5,157,508	3,788,207	8,945,715
Deferred Inflows of Resources			
Related to Pensions	40,715	10,962	51,677
Total Deferred Inflows of Resources	40,715	10,962	51,677
Net Position			
Net Investment in Capital Assets	4,922,616	50,324	4,972,940
Restricted for			
Debt Service	276,989	-	276,989
Capital Outlay	-	593,060	593,060
Unrestricted	49,352	911,750	961,102
Total Net Position	$ 5,248,957	$ 1,555,134	$ 6,804,091

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	**Natural Gas Fund**	**Total**
Operating Revenues			
Charges for Services	$ 932,809	$ 261,216	$ 1,194,025
Miscellaneous	100	3,500	3,600
Total Operating Revenues	932,909	264,716	1,197,625
Operating Expenses			
Personnel Services	361,606	179,098	540,704
Purchased/Contracted Services	231,769	48,468	280,237
Supplies and Materials	209,662	133,369	343,031
Depreciation	352,198	10,895	363,093
Other Costs	-	14,225	14,225
Total Operating Expenses	1,155,235	386,055	1,541,290
Operating Income (Loss)	(222,326)	(121,339)	(343,665)
Nonoperating Revenues (Expenses)			
Investment Earnings	-	8,313	8,313
Investment Income (Loss) - Joint Venture	-	(345,945)	(345,945)
Intergovernmental Revenue	1,237,188	330,287	1,567,475
Interest Expense	(97,715)	(117,843)	(215,558)
Total Nonoperating Revenues (Expenses)	1,139,473	(125,188)	1,014,285
Net Income (Loss) before Transfers	917,147	(246,527)	670,620
Transfers In	49,375	30,568	79,943
Changes in Net Position	966,522	(215,959)	750,563
Net Position - Beginning of Year	4,282,435	1,771,093	6,053,528
Net Position - End of Year	$ 5,248,957	$ 1,555,134	$ 6,804,091

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds		
Cash Flows from Operating Activities	**Water and Sewer Fund**	**Natural Gas Fund**	**Total**
Cash Received from Customers	$ 1,121,416	$ 623,721	$ 1,745,137
Cash Paid to Suppliers	(415,636)	(164,554)	(580,190)
Cash Paid to Employees	(365,026)	(199,542)	(564,568)
Net Cash Provided by (Used for) Operating Activities	340,754	259,625	600,379
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Assets	(3,356,208)	(30,568)	(3,386,776)
Principal Paid on Debt	(2,835,566)	(237,898)	(3,073,464)
Intergovernmental Revenue	1,237,188	330,287	1,567,475
Transfers In From Other Funds	49,375	30,568	79,943
Proceeds from Issuance of Long-Term Debt	2,990,000	-	2,990,000
Proceeds from Line of Credit	1,904,330	-	1,904,330
Interest Paid on Debt	(96,063)	(96,576)	(192,639)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(106,944)	(4,187)	(111,131)
Cash Flows from Investing Activities:			
Interest Received	-	8,313	8,313
Net Cash Provided by (Used for) Investing Activities	-	8,313	8,313
Net Increase (Decrease) in Cash and Cash Equivalents	233,810	263,751	497,561
Cash and Cash Equivalents - Beginning of Year	108,400	748,429	856,829
Cash and Cash Equivalents - End of Year	$ 342,210	$ 1,012,180	$ 1,354,390
Cash and Cash Equivalents	$ 58,221	$ 419,120	$ 477,341
Restricted Cash	283,989	593,060	877,049
	$ 342,210	$ 1,012,180	$ 1,354,390

See accompanying notes which are an integral part of these financial statements.

CITY OF UNION POINT, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
(CONTINUED)

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	**Natural Gas Fund**	**Total**
Reconciliation of Cash Equivalents			
Cash	$ 58,221	$ 419,120	$ 477,341
Restricted Cash	283,989	593,060	877,049
Total Cash and Cash Equivalents	$ 342,210	$ 1,012,180	$ 1,354,390
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Net Operating Loss	$ (222,326)	$ (121,339)	$ (343,665)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	352,198	10,895	363,093
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	1,127	597	1,724
(Increase) Decrease in Due From Other Funds	504,863	359,053	863,916
(Increase) Decrease in Prepaids	17,220	-	17,220
(Increase) Decrease in Deferred Outflows of Resources	4,684	1,261	5,945
Increase (Decrease) in Accounts Payable	(151,483)	18,139	(133,344)
Increase (Decrease) in Retainage Payable	160,058	-	160,058
Increase (Decrease) in Due To Other Funds	(317,383)	-	(317,383)
Increase (Decrease) in Due To Other Governments	-	13,369	13,369
Increase (Decrease) in Customer Deposits	(100)	(645)	(745)
Increase (Decrease) in Accrued Expenses	1,832	(19,030)	(17,198)
Increase (Decrease) in Net Pension Liability	(41,782)	(11,249)	(53,031)
Increase (Decrease) in Deferred Inflows of Resources	31,846	8,574	40,420
Total Adjustments	563,080	380,964	944,044
Net Cash Provided by (Used for) Operating Activities	$ 340,754	$ 259,625	$ 600,379

See accompanying notes which are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The City of Union Point, Georgia was incorporated under the laws of the State of Georgia in 1904 and operates under a mayor-council form of government. The Mayor and a six-member council govern the City and are elected for four-year terms. The Mayor and the Council all serve on a part-time basis. The Mayor and Council appoint a City Clerk who is responsible for the daily operations of the City.

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

Reporting Entity

As required by GAAP, the financial statements of the reporting entity include those of the City of Union Point (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 61 *The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34*, the City's relationships with other governments and agencies have been examined.

Discretely Presented Component Unit

Based on the aforementioned criteria, the component unit column in the government-wide financial statements includes the financial data of the City's component unit. The unit is reported in a separate column to emphasize that it is legally separate from the City.

Downtown Development Authority of the City of Union Point, Georgia - The Downtown Development Authority's governing board is appointed by the Mayor and Council. In addition, the City funds a significant portion of the Downtown Development Authority's budget. The Downtown Development Authority of the City of Union Point, Georgia does not issue separate financial statements. The Downtown Development Authority has a September 30 fiscal year end.

(1) Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, if any. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's public utilities and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(1) Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Property taxes, local option sales taxes, other taxes, intergovernmental revenues, interest, and charges for services associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise fund is 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 nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

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

American Rescue Plan Fund – The American Rescue Plan fund is a special revenue fund used to account for all activities and proceeds related to the American Rescue Plan Act.

SPLOST Fund – The SPLOST Fund is a capital project fund used to account for all activities related to the Special Purpose Local Option Sales Tax (SPLOST) as restricted by law. SPLOST is the primary revenue of the fund and capital outlay for City fire protection facilities and equipment are the primary expenditures of the fund.

The government reports the following major proprietary funds:

Water and Sewer Fund – This enterprise fund accounts for the operation, maintenance and development of the City's water and sewer system.

Natural Gas Fund – This enterprise fund accounts for the operation, maintenance and development of the City's natural gas system.

(1) Summary of Significant Accounting Policies (Continued)

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at cost.

Receivables

Receivables and due from other governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the year are referred to as either "due to / from other funds" or "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired subsequent to October 1, 2003) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Property, plant, and equipment with individual costs that equal or exceed $5,000 are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as component units, are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	15-99 Years
Buildings and Improvements	15-50 Years
Water and Sewer Distribution System	20-50 Years
Vehicles	4 Years
Furniture and Fixtures	10 Years
Equipment	10 Years
Computer Equipment	5 Years
Heavy Machinery	5 Years

(1) Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period or periods and so, will not be recognized as an outflow of resources (expense / expenditures) until then. The City has one item that qualifies for reporting in this category, deferred outflow of resources related to the pension plans. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

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 City has two types of items, which arise under a modified accrual basis of accounting that qualifies for reporting in this category. This first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The second is the deferred inflow of resources relative to the differences between expected and actual experience and the net difference between projected and actual earnings on the pension plan investments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(1) Summary of Significant Accounting Policies (Continued)

Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance in accordance with GASB Statement No. 54:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of Mayor and Council through adoption of a resolution. The Mayor and Council also may modify or rescind the commitment.

Assigned - amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Through resolution, Mayor and Council have authorized the City Clerk or designee to assign fund balances.

Unassigned - amounts that have not been assigned to other funds and that are not restricted, committed, or assigned to specific purposes within the General Fund.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of September 30, 2022:

	General Fund	SPLOST Fund	Total
Fund Balances			
Nonspendable			
Prepaids	$ 53,924	$ -	$ 53,924
Restricted			
Capital Outlay	-	85	85
Unassigned	1,314,219	-	1,314,219
Total Fund Balance	$ 1,368,143	$ 85	$ 1,368,228

(1) Summary of Significant Accounting Policies (Continued)

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The City purchases commercial insurance for most types of risk. For these risks, settlements have not exceeded coverage for each of the past three years. The City had no significant reduction in insurance coverage from coverage in the prior year.

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. 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 City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

(2) Budgets and Budgetary Accounting

Budget Process

The annual budget document is the financial plan for the operation of the City of Union Point. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the City.

An annual operating budget is prepared for the General Fund and ARPA fund. A project-length budget is adopted for all Capital Projects Funds. Annual operating budgets are prepared for each enterprise fund for planning, control, cost allocation, and evaluation purposes.

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

- Prior to October 1, the Treasurer and the Council Budget Committee prepare a proposed budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
- The Treasurer and Council Budget Committee submit the proposed budget to the Mayor and Council.
- Public hearings are held to obtain taxpayer comments.
- The budget is legally enacted through passage of a resolution.
- All revisions to the budget must be submitted to the City Council for approval.
- The budgets are prepared and adopted on a basis consistent with generally accepted accounting principles.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control for these budgets is the departmental level.
- An operating budget is prepared for each Enterprise Fund for planning, control, cost allocation, and evaluation purposes. Budgetary amounts are not formally integrated into the Enterprise Fund general ledgers.
- Budgetary appropriations lapse at the end of the fiscal year.

(2) Budgets and Budgetary Accounting (Continued)

Excess of Expenditures Over Appropriations

The General Fund and ARPA Fund had expenditures in excess of appropriations as follows:

Fund	Amount
General Fund	
Governing Body	$ 14,109
Cemetery	2,914
Main Street	1,267
ARPA Fund	27

The City did not prepare a budget for the ARPA Fund for fiscal year 2022.

(3) Deposits and Investments

Custodial Credit Risk - Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the City's deposits may not be recovered. The City's bank balances of deposits as of September 30, 2022, are entirely insured or collateralized with securities held by the City's agent in the City's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City does not have a formal policy for managing interest rate risk.

Credit Risk

Georgia law authorizes the City to invest in the following types of obligations: obligations of the State of Georgia or any other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; prime banker's acceptance; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. At September 30, 2022, the City's only investments were in certificates of deposit.

Investments	Maturity	Amount
Certificates of Deposit - General Fund	12 Months	$ 3,588

(4) Property Taxes

State law requires that property taxes be based on assessed value, which is 40 percent of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes by March 1. Property tax assessments are made by the Greene County Board of Tax Assessors.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is compiled to form the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated 40 percent of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40 percent level is not reached.

For most vehicles purchased after March 1, 2013, motor vehicle taxes are due upon the transfer of title and based on the fair value of the vehicle. For vehicles not subject to title ad valorem tax, the Tax Commissioner sends annual tax notices due by the owner's birthday. Property taxes are sent out and collected by the City and are usually billed in October of each year.

The 2021 property taxes, which were approved to finance the 2022 fiscal year budget were levied on October 12, 2021, and were due in December 2021. Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period. The 2022 property taxes, which were approved to finance the 2023 fiscal year budget, were levied on September 13, 2022, and were due in December 2022. The 2022 tax digest receivable and amounts collected at year-end are reported as deferred inflows of resources-deferred revenue-property taxes on the government-wide statement of net position and the governmental fund statements since this digest was approved to finance the 2023 budget.

(5) Receivables

Receivables as of September 30, 2022, consist of the following:

	General	Water and Sewer Fund	Natural Gas Fund	Total
Receivables				
Taxes	$ 233,170	$ -	$ -	$ 233,170
Accounts	14,123	169,818	23,760	207,701
Intergovernmental	197,595	-	-	197,595
Gross Receivables	444,888	169,818	23,760	638,466
Less Allowance for Uncollectibles	(8,994)	(55,894)	(14,560)	(79,448)
Total Net Receivables	$ 435,894	$ 113,924	$ 9,200	$ 559,018

(6) Interfund Transfers

	Transfer In			
	General Fund	Water & Sewer Fund	Gas Fund	Total
Transfer Out				
General Fund	$ -	$ -	$ 30,568	$ 30,568
ARPA Fund	26,200	49,375	-	75,575
Total	$ 26,200	$ 49,375	$ 30,568	$ 106,143

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

(7) Capital Assets

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 21,040	$ 15,000	$ -	$ 36,040
Construction in Progress	253,208	-	-	253,208
Total Capital Assets Not Being Depreciated	274,248	15,000	-	289,248
Capital Assets Being Depreciated				
Infrastructure	744,530	-	-	744,530
Site Improvements	242,418	-	-	242,418
Buildings	1,199,737	-	-	1,199,737
Equipment	598,783	36,775	-	635,558
Vehicles	820,981	29,957	(21,207)	829,731
Total Capital Assets Being Depreciated	3,606,449	66,732	(21,207)	3,651,974
Less Accumulated Depreciation for				
Infrastructure	(525,546)	(38,992)	-	(564,538)
Site Improvements	(153,952)	(3,903)	-	(157,855)
Buildings	(756,015)	(27,120)	-	(783,135)
Equipment	(455,268)	(34,215)	-	(489,483)
Vehicles	(702,441)	(13,389)	21,207	(694,623)
Total Accumulated Depreciation	(2,593,222)	(117,619)	21,207	(2,689,634)
Total Capital Assets Being Depreciated, Net	1,013,227	(50,887)	-	962,340
Governmental Activities Capital Assets, Net	$ 1,287,475	$ (35,887)	$ -	$ 1,251,588

(7) Capital Assets (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	$ 22,044	$ -	$ -	$ 22,044
Site Improvements	4,425	-	-	4,425
Construction in Progress	1,362,258	3,306,834	-	4,669,092
Total Capital Assets	1,388,727	3,306,834	-	4,695,561
Capital Assets Being Depreciated				
Infrastructure	10,849,033	79,942	-	10,928,975
Buildings	94,183	-	-	94,183
Equipment	835,500	-	(8,436)	827,064
Vehicles	227,447	-	(32,615)	194,832
Total Capital Assets Being Depreciated	12,006,163	79,942	(41,051)	12,045,054
Less Accumulated Depreciation				
Infrastructure	(5,291,499)	(355,241)	-	(5,646,740)
Buildings	(58,270)	(2,247)	-	(60,517)
Equipment	(825,465)	(5,605)	8,436	(822,634)
Vehicles	(227,446)	-	32,615	(194,831)
Total Accumulated Depreciation	(6,402,680)	(363,093)	41,051	(6,724,722)
Total Capital Assets Being Depreciated, Net	5,603,483	(283,151)	-	5,320,332
Business-Type Activities Capital Assets, Net	$ 6,992,210	$ 3,023,683	$ -	10,015,893
Less Any Other (Non-Debt) Capital Related Liabilities				(264,300)
Less Capital Related Outstanding Debt				(4,778,653)
Net Investment in Capital Assets				$ 4,972,940

The capital assets associated with the Series 2013 Bonds and 10-year term note payable with Farmers and Merchants Bank in the Natural Gas Fund are reported as a part of Tri-County Natural Gas System, a joint venture of the City, and therefore the Series 2013 bonds payable, net of discount of $1,334,411 and note payable of $2,340,475 are not included in the related long-term debt outstanding for the calculation of the net investment in capital assets.

(7) Capital Assets (Continued)

Downtown Development Authority	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets Not Being Depreciated				
Construction In Progress	$ -	$ 39,935	$ -	$ 39,935
Total Capital Asset Not Being Depreciated	-	39,935	-	39,935
Capital Assets Being Depreciated				
Buildings	194,400	-	-	194,400
Total Capital Assets Being Depreciated	194,400	-	-	194,400
Less Accumulated Depreciation for				
Buildings	(3,888)	(3,888)	-	(7,776)
Total Accumulated Depreciation	(3,888)	(3,888)	-	(7,776)
Total Capital Assets Being Depreciated, Net	190,512	(3,888)	-	186,624
Downtown Development Authority				
Capital Assets, Net	$ 190,512	$ 36,047	$ -	$ 226,559

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental Activities	
General Government	$ 33,722
Public Safety	27,825
Public Works	56,072
Total Depreciation Expense - Governmental Activities	$ 117,619
Business-Type Activities	
Water and Sewer	$ 352,198
Gas System	10,895
Total Depreciation Expense - Business-Type Activities	$ 363,093

Depreciation expense was charged to functions / programs of the component unit as follows:

Component Unit	
Downtown Development Authority	$ 3,888
Total Depreciation Expense - Component Unit	$ 3,888

(8) Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	$ 15,832	$ 137	$ -	$ 15,969	$ 15,969
Net Pension Liability	117,396	-	(62,671)	54,725	-
Governmental Activity Long-Term Liabilities	$ 133,228	$ 137	$ (62,671)	$ 70,694	$ 15,969
Business-Type Activities					
Compensated Absences	$ 9,559	$ 743	$ -	$ 10,302	$ 10,302
Line of Credit	853,395	1,904,330	(2,757,725)	-	-
Notes Payable	2,719,799	-	(179,699)	2,540,100	172,319
Revenue Bonds Payable					
2008 Bonds	589,208	-	(11,422)	577,786	11,947
2013 Bonds	1,425,000	-	(75,000)	1,350,000	75,000
2013 Bonds Discount	(16,331)	-	742	(15,589)	-
2015A Bonds	880,631	-	(18,436)	862,195	18,784
2015B Bonds	179,493	-	(3,772)	175,721	3,842
2021A Bonds	-	2,173,000	(18,805)	2,154,195	38,109
2021B Bonds	-	817,000	(7,868)	809,132	15,970
Net Pension Liability	99,335	-	(53,031)	46,304	-
Business-Type Activity Long-Term Liabilities	$ 6,740,089	$ 4,895,073	$ (3,125,016)	$ 8,510,146	$ 346,273

For the governmental activities, compensated absences and net pension liability are generally liquidated by the general fund. For business-type activities, long-term liabilities are liquidated by the Water and Sewer Fund and Gas System Fund.

The change in compensated absences is a net amount.

Business-Type Activities

Line of Credit

In fiscal year 2021, the City entered into an agreement with F&M Bank to obtain interim financing by establishing a 14-month closed-end line of credit up to $2,990,000 for the City's new water treatment plant project to cover costs associated with the construction and improvement of facilities. USDA, RD approves all drawdown requests prior to funds being drawn on this line of credit. During fiscal year 2022, the City drew $1,904,330 and the City paid off drawdowns totaling $2,757,725 in accordance with the agreement. Total interest paid for fiscal year 2022 was $1,915.

(8) Long-Term Debt (Continued)

Business-Type Activities (Continued)

Notes Payable

The Water and Sewer Fund is obligated to the Georgia Environmental Facilities Authority under a note in the original amount of $378,825. The original note bore interest at 4.8 percent and was payable in installments of $8,893. On February 1, 2005, the note was revised to monthly payments of $2,954 and a final payment of $2,932. The note was used to finance certain water and sewer improvements. Total interest paid for fiscal year 2022 for the GEFA loan was $6,275.

Annual debt service requirements to maturity for this note payable as of September 30 are as follows:

Year	Principal	Interest
2023	$ 18,074	$ 5,741
2024	18,623	5,192
2025	19,190	4,625
2026	19,773	4,042
2027	20,375	3,440
2028-2031	103,590	7,551
Total	$ 199,625	$ 30,591

The Natural Gas Fund is obligated under a 10-year term note to the Farmers and Merchants Bank. The total amount of the loan is $2,700,000. The payments on this loan are to be made monthly in the amount of $18,786 at an interest rate of 3.094 percent, with a final payment of $1,061,797 due on June 8, 2030. The purpose of the note is to finance a Tri-County Natural Gas System joint project with the City of Greensboro. Annual debt service requirements to maturity for this note payable as of September 30 are as follows:

Year	Principal	Interest
2023	$ 154,245	$ 71,185
2024	158,898	66,533
2025	164,067	61,364
2026	169,213	56,217
2027	174,521	50,910
2028-2030	1,519,531	130,810
Total	$ 2,340,475	$ 437,019

(8) Long-Term Debt (Continued)

Business-Type Activities (Continued)

Revenue Bonds

The City of Union Point, Georgia has four series of bonds outstanding at September 30, 2022. The purpose of the bonds was to finance construction projects to expand existing wastewater treatment facilities and to expand existing natural gas pipelines. The City is in violation of its debt covenants for the 2008 Series, 2015A and 2015B Series and, 2021A and 2021B Series Bonds as separate accounts have not been established as required for sinking funds, debt service reserves and short-lived assets.

2008 Series

Under the terms of the Bond Ordinance, the Series 2008 Bonds are secured by a pledge of and lien on the revenues of the water and sewer system. This lien is ranked in pari passu with the lien of the Series 1974 and 1985 Bonds. The Series 2008 Bonds are limited obligations of the City and are payable, together with any additional bonds, solely from the revenues of the water and sewer system. The Series 2008 Bonds do not constitute a debt or a general obligation or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including the City, and do not obligate such State or City to levy or to pledge any form of taxation for the payment of amounts due thereon; nor does the Series 2008 Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City, except for the funds pledged to the payment thereof. The Series 2008 Bonds are not secured by a lien on the real or personal property constituting the System. The Series 2008 Bonds were issued in the original amount of $694,000 bearing interest at 4.5 percent. Principal and interest are payable in monthly installments of $3,151. Total interest paid for fiscal year 2022 was $26,391. Annual debt service requirements to maturity for this bond issue are as follows:

Year	Principal	Interest
2023	$ 11,947	$ 25,866
2024	12,496	25,316
2025	13,071	24,741
2026	13,672	24,140
2027	14,301	23,511
2028-2032	81,995	107,065
2033-2037	102,667	86,393
2038-2042	128,551	60,509
2043-2047	160,961	33,397
2048-2049	38,126	1,057
Total	$ 577,786	$ 411,995

2013 Series

Under the terms of the Bond Ordinance, the Series 2013 Bonds are secured by a pledge of and lien on the revenues of the natural gas system. This lien is ranked in pari passu with the lien of the Series 2008 Bonds. The Series 2013 Bonds are limited obligations of the City and are payable, together with any additional bonds, solely from the revenues of the natural gas system. The Series 2013 Bonds do not constitute a debt or a general obligation or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including the City, and do not obligate such State or City to levy or to pledge any form of taxation for the payment of amounts due thereon; nor does the Series 2013 Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City, except for the funds pledged to the payment thereof. The Series 2013 Bonds are not secured by a lien on the real or personal property constituting the System.

(8) Long-Term Debt (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

Series 2013 (Continued)

The Series 2013 Bonds were issued in the original amount of $1,985,000 bearing interest at 2.0 percent. Principal and interest are payable in annual installments ranging from $45,000 to $90,000. Total interest paid for fiscal year 2022 was $54,628. Annual debt service requirements to maturity for this bond issue are as follows:

Year	Principal	Interest
2023	$ 75,000	$ 52,284
2024	85,000	49,625
2025	45,000	47,350
2026	45,000	45,775
2027	45,000	45,775
2028-2032	255,000	193,575
2033-2037	320,000	135,556
2038-2042	390,000	62,006
2043	90,000	1,913
Total	$ 1,350,000	$ 633,859

2015A Series and 2015B Series

Under the terms of the Bond Ordinance, the Series 2015 Bonds are secured by a first lien on the net revenues of the System which lien shall rank on a parity with the liens of the outstanding City of Union Point, Georgia Water System Revenue Bond, Series 2008, issued pursuant to an ordinance adopted by the City of Union Point.

The Series 2015 Bonds are limited obligations of the City and are payable, together with any additional bonds, solely from the revenues of the water and sewer system. The Series 2015 Bonds do not constitute a debt or a general obligation or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including the City, and do not obligate such State or City levy or pledge any form of taxation for the payment of amounts due thereon; nor does the Series 2015 Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City, except for the funds pledged to the payment thereof. The Series 2015 Bonds are not secured by a lien on the real or personal property constituting the System.

The Series 2015A Bonds were issued in the original amount of $976,000 bearing interest at 1.875 percent. Principal and interest are payable monthly in installments of $2,899. The Series 2018B Bonds were issued in the original amount of $199,000 bearing interest at 1.875 percent. Principal and interest are payable monthly in installments of $592. Total interest paid for fiscal year 2022 was $16,352 and $3,333 for the Series 2015A Bonds and Series 2015B Bonds, respectively.

(8) Long-Term Debt (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

2015A Series and 2015B Series (Continued)

Annual debt service requirements to maturity for the 2015A and 2015B Bonds are as follows:

	2015A Bonds		2015B Bonds	
Year	Principal	Interest	Principal	Interest
2023	$ 18,784	$ 16,004	$ 3,842	$ 3,262
2024	19,139	15,649	3,915	3,189
2025	19,501	15,287	3,989	3,115
2026	19,870	14,918	4,062	3,042
2027	20,246	14,542	4,135	2,969
2028-2032	107,120	66,820	21,878	13,642
2033-2037	117,640	56,300	24,027	11,493
2038-2042	129,193	44,747	26,386	9,134
2043-2047	141,880	32,060	28,987	6,533
2048-2052	155,813	18,127	31,873	3,647
2053-2056	113,009	3,674	22,627	717
Total	$ 862,195	$ 298,128	$ 175,721	$ 60,743

2021A Series and 2021B Series

The City of Union Point, Georgia entered into an agreement on February 17, 2016, with the United States Department of Agriculture (USDA), Rural Development, for construction of a new water treatment facility. Under the terms and conditions provided for in a letter of conditions from USDA, the City issued, on March 24, 2022, the City of Union Point, Georgia Water and Sewer System Revenue Bond, Series 2021A, in the principal amount of $2,173,000 (the "Series 2021A Bond") and a City of Union Point, Georgia Water and Sewer System Revenue Bond, Series 2021B, in the principal amount of $817,000 (the "Series 2021B Bond" and together with the Series 2021A Bond, the "Series 2021 Bonds") to finance or refinance, together with other moneys available, the cost of the water treatment facility project construction.

The bonds were issued on parity with the Series 2008 Water and Sewer Revenue Bond and the Series 2015A and 2015B Water and Sewer Bonds issued for the wastewater project construction. The bonds are fully registered as to both principal and interest in the name of the United States of America through the USDA, Rural Development and are held by USDA. The bonds were issued as a direct loan under the USDA Rural Development Direct Loan Program.

The Series 2021A Bond of $2,173,000 bear interest at 1.75 percent and the Series 2021B Bond of $817,000 bear interest at 1.25 percent. The total project budget is $5,243,000. The letter of conditions further provided that the remaining costs of the project will be paid from USDA grants not to exceed $1,447,000 and $806,000. In fiscal year 2022, the City received a total of $1,237,188 in USDA grant funding for the project.

(8) Long-Term Debt (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

2021A Series and 2021B Series (Continued)

Because the bonds represent a USDA Rural Development direct loan, the outstanding principal balance of the bonds is reported as a federal loan on the City's Schedule of Expenditures of Federal Awards (SEFA) for the fiscal year ended September 30, 2022. The federal program is administered by the U.S. Department of Agriculture, Rural Development.

Total interest paid for fiscal year 2022 was $19,007 and $5,128 for the Series 2021A Bonds and Series 2021B Bonds, respectively.

Annual debt service requirements to maturity for these bonds payable as of September 30 are as follows:

	2021A Bonds		2021B Bonds	
Year	Principal	Interest	Principal	Interest
2023	$ 38,109	$ 37,515	$ 15,970	$ 10,022
2024	38,784	36,840	16,143	9,849
2025	39,742	35,882	16,373	9,619
2026	40,291	35,333	16,579	9,413
2027	41,001	34,623	16,788	9,204
2028-2032	216,090	162,030	87,109	42,851
2033-2037	235,882	142,238	92,752	37,208
2038-2042	257,411	120,709	98,733	31,227
2043-2047	280,932	97,188	105,100	24,860
2048-2052	306,592	71,528	111,869	18,091
2053-2057	334,624	43,496	119,096	10,864
2058-2062	324,737	13,091	112,620	3,221
Total	$ 2,154,195	$ 830,473	$ 809,132	$ 216,429

(9) Employee Retirement Plans

Georgia Municipal Employees Benefit System Plan

Plan Description

The City's defined benefit pension plan, City of Union Point Retirement Plan, (the Plan) was established by an adoption agreement executed by City Council. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS) an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report on GMEBS that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, Atlanta, Georgia, 30303-3606.

Benefits Provided

The GMEBS Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Effective January 1, 2016, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

Plan Membership

As of January 1, 2022, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees and Beneficiaries Currently Receiving Benefits	17
Terminated Employees Entitled to Benefits but Not Yet Receiving Them	14
Current Active Employees	7
Nonvested Benefits	10
Total Membership in the Plan	48

Contributions

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 8.97 percent of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

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

At September 30, 2022, the City reported a net pension liability. The net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2022. An expected total pension liability as of September 30, 2022, was determined using standard roll-forward techniques.

(9) Employee Retirement Plans (continued)

Georgia Municipal Employees Benefit System Plan (Continued)

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

For the year ended September 30, 2022, the City recognized pension expense relative to GMEBS in the amount of $39,209. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 23,527	$ 7,726
Changes of Assumptions	4,250	-
Net Investment Income	-	105,023
Employer Contributions Subsequent to the Measurement Date	42,775	-
	$ 70,552	$ 112,749

City contributions subsequent to the measurement date of September 30, 2021, are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense for the years ended September 30 are as follows:

Year	Amount
2023	$ (16,011)
2024	(13,127)
2025	(29,562)
2026	(26,272)

Actuarial Assumptions

The total pension liability as of September 30, 2022, was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increase	2.25%, plus service-based merit increases
Investment Rate of Return	7.375%, On-going basis, based on long-term expected rate of return of pension plan investments

Mortality rates were based on the Sex-distinct Pre-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The mortality and economic actuarial assumptions used in the January 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2019.

(9) Employee Retirement Plans (Continued)

Georgia Municipal Employees Benefit System Plan (Continued)

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

Net Pension Liability

The net pension liability changes for the fiscal year ended September 30, 2022, were as follows:

Changes in the Net Pension Liability	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
September 30, 2020	$ 998,559	$ 781,828	$ 216,731
Changes for the Year			
Service Cost	10,290	-	10,290
Interest	72,143	-	72,143
Differences Between Expected and Actual Experience	29,282	-	29,282
Contributions - Employer	-	44,844	(44,844)
Net Investment Income	-	188,205	(188,205)
Benefit Payments	(61,268)	(61,268)	-
Administrative Expense	-	(5,632)	5,632
Net Changes	50,447	166,149	(115,702)
September 30, 2021	$ 1,049,006	$ 947,977	$ 101,029

The City's pension liability is recorded in the government-wide statement of net position for governmental activities and business-type activities in the amounts of $54,725 and $46,304, respectively.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.55%
International Equity	20%	7.30%
Real Estate	10%	3.65%
Global Fixed Income	5%	0.50%
Domestic Fixed Income	20%	0.40%
Cash	0%	
Total	100%	

(9) Employee Retirement Plans (Continued)

Georgia Municipal Employees Benefit System Plan (Continued)

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

Net Pension Liability (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's net pension liability calculated using the discount rate of 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	$ 220,933	$ 101,029	$ (850)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publicly available at www.gmanet.com.

Defined Contribution Plan

The employees of the City may also participate in the City of Union Point Money Purchase Plan, a defined contribution pension plan established under Section 457 of the Internal Revenue Code. The plan administrator, the City of Union Point, has appointed Nationwide Retirement Solutions to provide record keeping and administrative services related to the plan. The Plan was established to provide supplemental benefits at retirement to the City's employees. All employees are eligible to participate in the plan. Eligible employees are fully vested upon admission to the plan. At September 30, 2022, there were 7 active participants.

Under the terms of the plan, the City will make a contribution to eligible participants equal to 50 percent of the employee's contribution to the Section 401 Deferred Compensation Plan, up to a maximum of 4 percent of salary. Total contributions by Union Point for 2022 were $9,752 by the employer and $19,170 by employees. The City's total payroll for the year ended September 30, 2022, was $637,106. Plan provisions and contribution requirements are established and may be amended by the Mayor and Council of the City of Union Point, Georgia.

(10) Risk Management

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these various risks with a deductible as follows: contractor's equipment protection - $500, public official liabilities - $5,000, police professional liability - $5,000, and all other risks have a deductible of $1,000.

The City participates in the Georgia Municipal Association Worker's Compensation Self Insurance Fund. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for Workers' Compensation Self Insurance Fund (WCSIF), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Georgia Municipal Association operates the risk pool.

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

The fund is to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

Settled claims in the past three years have not exceeded coverage.

(11) Contingent Liabilities

Litigation

During the course of normal operations of the City, various claims and lawsuits arise. The City's management has advised that there are no potential liabilities that will impair the position as of the date of this audit report.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

(12) Joint Ventures

A joint venture has the following characteristics:

- It is a legal entity that results from a contractual arrangement.
- It is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control.
- Participants retain an ongoing financial interest or an ongoing financial responsibility.

Northeast Georgia Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the 12-county Northeast Georgia area is a member of the Northeast Georgia Regional Commission (the RC) 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 Council 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 the RC's administrative office at 305 Research Drive, Athens, Georgia 30610.

(13) Related Party

On September 10, 1957, the City of Union Point, Georgia entered into a cooperative agreement with the Housing Authority of the City of Union Point, Georgia (the "Housing Authority"). Under the terms of this agreement, the Housing Authority agrees to endeavor to secure a contract with the Public Housing Authority (the "PHA") for loans and annual contributions and agrees to endeavor to develop and administer one or more projects. The obligations of the parties apply only to projects aggregating not more than 200 units of low-rent housing located within the corporate limits of the City of Union Point. Under the constitution and statutes of the State of Georgia, all projects are exempt from all real and personal property taxes levied or imposed by any taxing body.

The City agrees that it will not levy or impose real or personal taxes or special assessments upon such projects or upon the Housing Authority with respect thereto as long as:

- The projects are owned by a public body or government agency,
- A contract exists between the Housing Authority and the PHA,
- Bonds issued in connection with such project are outstanding.

During such period, the Housing Authority shall make "Payments in Lieu of Taxes" in lieu of such taxes and special assessments and in payment for the public services and facilities from time to time without other cost or charge or with respect to such project. The payment in lieu of taxes shall be lower of either ten percent (10%) of the aggregate Shelter Rent actually collected but in no event to exceed the Shelter Rent charged by the Local Authority in respect to such project during the fiscal year or the amount permitted to be paid by applicable state law. For the fiscal year ended September 30, 2022, the Authority made payments of $9,282 "in lieu of taxes".

(14) Joint Venture – Tri-County Natural Gas System

The City is a member of a joint venture, Tri-County Natural Gas System, with the City of Greensboro, Georgia. The purpose of Tri-County Natural Gas is to acquire, construct, and operate a gas transmission line that passes through the City of Crawford, the City of Lexington, and the City of Maxeys, all located in Oglethorpe County; the City of Crawfordville, located in Taliaferro County; and the City of Woodville located in Greene County. These cities are referred to as Franchise Cities. The Franchise Cities obtain natural gas for their residents from the Tri-County Natural Gas System. In fiscal year 2022, the City received $330,287 from Tri-County Natural Gas System as reimbursement for debt service payments. This revenue is reflected as intergovernmental revenue on the Statement of Revenues, Expenses, and Changes in Net Position.

The City of Union Point, Georgia's investment in Tri-County Natural Gas System is as follows:

Investment, October 1, 2021	$	4,621,685
Union Point's Share of Net Income (Loss)		(345,945)
Investment, September 30, 2022	$	4,275,740

See Note 8, Long-Term Debt, for information about debt incurred to assist with the joint venture.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNION POINT, GEORGIA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	**$ 10,290**	$ 12,146	$ 13,265	$ 12,533	$ 11,774	$ 13,317	$ 12,768	$ 11,682
Interest on Total Pension Liability	**72,143**	72,438	69,726	66,154	59,119	57,885	54,568	51,591
Difference Between Expected and Actual Experience	**29,283**	(23,180)	16,029	22,962	62,375	(9,398)	15,102	19,527
Changes of assumptions	**-**	-	-	-	-	-	-	(8,007)
Benefit Payments, Including Refunds of Employee Contributions	**(61,268)**	(65,825)	(58,905)	(50,612)	(51,705)	(40,065)	(39,201)	(33,562)
Other	**-**	-	29,429	-	12,162	-	-	-
Net Change in Total Pension Liability	**50,448**	(4,421)	69,544	51,037	93,725	21,739	43,237	41,231
Total Pension Liability - Beginning of Year	**998,559**	1,002,980	933,436	882,399	788,674	766,935	723,698	682,467
Total Pension Liability - End of Year	**$ 1,049,007**	$ 998,559	$ 1,002,980	$ 933,436	$ 882,399	$ 788,674	$ 766,935	$ 723,698
Plan Fiduciary Net Position								
Contributions - Employer	**$ 44,844**	$ 41,715	$ 39,698	$ 30,293	$ 30,158	$ 24,837	$ 23,658	$ 22,858
Net Investment Income	**188,206**	70,032	21,524	68,725	92,545	63,962	7,341	61,788
Benefit Payments, Including Refunds of Member Contributions	**(61,268)**	(65,825)	(58,905)	(50,612)	(51,705)	(40,065)	(39,201)	(33,562)
Administrative Expenses	**(5,632)**	(5,152)	(5,828)	(5,232)	(5,687)	(2,726)	(3,147)	(2,570)
Other	**-**	-	9,740	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	**166,150**	40,770	6,229	43,174	65,311	46,008	(11,349)	48,514
Plan Fiduciary Net Position - Beginning of Year	**781,828**	741,058	734,829	691,655	626,344	580,336	591,685	543,171
Plan Fiduciary Net Position - End of Year	**$ 947,978**	$ 781,828	$ 741,058	$ 734,829	$ 691,655	$ 626,344	$ 580,336	$ 591,685
City's Net Pension Liability - Ending	**$ 101,029**	$ 216,731	$ 261,922	$ 198,607	$ 190,744	$ 162,330	$ 186,599	$ 132,013
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**90.37%**	78.30%	73.89%	78.72%	78.38%	79.42%	75.67%	81.76%
Covered-Employee Payroll	**$ 468,857**	$ 569,820	$ 569,820	$ 546,870	$ 539,331	$ 457,750	$ 532,647	$ 491,383
Net Pension Liability as a Percentage of Covered-Employee Payroll	**21.55%**	38.03%	45.97%	36.32%	35.37%	35.46%	35.03%	26.87%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See accompanying notes which are an integral part of this schedule.

CITY OF UNION POINT, GEORGIA
SCHEDULE OF CITY CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	2022*	2021	2020	2019	2018	2017	2016	2015
Schedule of City Contributions								
Actuarially Determined Contributions	**$ -**	$ 41,991	$ 41,715	$ 38,870	$ 29,872	$ 30,158	$ 24,837	$ 23,658
Contributions in Relation to the Actuarially Determined Contribution	**-**	41,991	41,715	38,870	29,872	30,158	24,837	23,470
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 188
City's Covered-Employee Payroll	**$ -**	$ 468,857	$ 569,820	$ 546,870	$ 539,331	$ 457,750	$ 532,647	$ 491,383
Contributions as a Percentage of Covered-Employee Payroll	N/A	8.96%	7.32%	7.11%	5.54%	6.59%	4.66%	4.78%

* 2022 information will be determined after fiscal year end and will be included in the 2023 valuation report.

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See accompanying notes which are an integral part of this schedule.

Changes of Assumptions

- There were no changes in plan provisions in this valuation.
- There were no changes in methods or assumptions in this valuation.

Benefit Changes

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

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2022, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending September 30, 2023.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Closed level dollar for the remaining unfunded liability.
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 11 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial Assumptions

Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service-based merit increases
Cost of Living Adjustments	0.00%
Retirement Age for Inactive Vested Participants	65 years
Mortality	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 Sex-distinct Pri-2012 head-count weighed Disabled Retiree Mortality Table with rates multiplied by 1.25 1994 Group Annuity Reserving Unisex Table for Plan termination basis (all lives)

CITY OF UNION POINT, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Original Estimated Cost	Expenditures		
		Prior Year(s)	Current Year	Total
2015 Referendum				
Fire Protection Facilities and Equipment	$ 250,000	$ 132,930	$ -	$ 132,930
Total 2015 Referendum	$ 250,000	$ 132,930	$ -	$ 132,930
2021 Referendum				
Acquisition of Facilities and Capital Equipment for the City's Fire Department	$ 241,881	$ -	$ 82,050	$ 82,050
Total 2021 Referendum	$ 241,881	$ -	$ 82,050	$ 82,050

*2015 SPLOST Fund closed in fiscal year 2022.

CITY OF UNION POINT, GEORGIA
BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2022

Assets		
Cash and Cash Equivalents	$	34,610
Total Assets	$	34,610
Liabilities		
Accounts Payable	$	4,729
Total Liabilities		4,729
Fund Balance		
Unassigned		29,881
Total Fund Balance		29,881
Total Liabilities and Fund Balance	$	34,610
Total Fund Balances - Governmental Funds	$	29,881
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the Assets		226,559
Net Position of Governmental Activities	$	256,440

CITY OF UNION POINT, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Revenues		
Intergovernmental	$	38,334
Local Grants		29,866
Special Events		5,228
Miscellaneous		4,250
Total Revenues		77,678
Expenditures		
Current		
Advertising		5,466
Fees and Dues		2,011
Other Purchased Services		672
Supplies		285
Repairs and Maintenance		11,415
Capital Outlay		39,935
Total Expenditures		59,784
Net Change in Fund Balance		17,894
Fund Balance - Beginning of Year		11,987
Fund Balance - End of Year	$	29,881
Net Change in Fund Balance - Total Governmental Funds	$	17,894

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

Capital Assets		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Total Capital Outlay		39,935
Total Depreciation		(3,888)
Change in Net Position of Governmental Activities	$	53,941

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COMPLIANCE SECTION

CITY OF UNION POINT, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Water and Waste Program Grant	10.760		$ -	$ 1,237,188
Water and Waste Program Loan	10.760		-	2,104,620
Total Direct Programs			-	3,341,808
Total U.S. Department of Agriculture			-	3,341,808
U.S. Department of Treasury				
Coronavirus State and Local Fiscal Recovery Funds	21.027		-	71,402
Coronavirus Relief Fund	21.019		-	4,200
Total Direct Programs			-	75,602
Total U.S. Department of Treasury			-	75,602
Total Expenditures of Federal Awards			$ -	$ 3,417,410

See accompanying notes to schedule of expenditures of federal awards.

CITY OF UNION POINT, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Union Point, Georgia under programs of the federal government for the fiscal year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Union Point, Georgia, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Union Point, Georgia.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

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

(4) Loan Programs

The City participates in loan programs administered by the United States Department of Agriculture (USDA), Rural Development. During the fiscal year ended September 30, 2022, the City of Union Point, Georgia had outstanding USDA Rural Development direct loans that were financed through the issuance of the City of Union Point, Georgis Water and Sewer System Revenue Bonds, Series 2021A, in the principal amount of $2,173,000 and Series 2021B in the principal amount of $817,000. The bonds are fully registered as to both principal and interest in the name of the United States of America acting through the Department of Agriculture and are held entirely by USDA Rural Development. The bonds are secured by a first-lien pledge of net revenues of the City's water and sewer system and are issued on a parity basis with the City's Series 2008 and Series 2015A and 2015B Water and Sewer Revenue Bonds. The balances and transactions relating to this program are included in the City of Union Point, Georgia's basic financial statements.

Direct loan proceeds were used in fiscal year 2022 to pay off USDA required interim financing totaling $1,904,330; $853,395, of the total interim financing, was included in the schedule of expenditures of federal awards for fiscal year 2021 per the Uniform Guidance.

The balance of the loans outstanding at September 30, 2022, consists of:

Assistance Listing Number	Program Name		Outstanding Balance at September 30, 2022
10.760	Water and Waste Program	$	2,154,195
10.760	Water and Waste Program		809,132
		Total $	2,963,327

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April 9, 2026

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*

Mayor and Council
The City of Union Point, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the **City of Union Point, Georgia** (the "City") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 9, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, and 2022-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* and which are described in the accompanying schedule of findings and questioned costs as 2022-001, 2022-005, and 2022-006.

City of Union Point, Georgia's Response to Findings

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

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

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

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April 9, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Honorable Mayor and Members
City Council of Union Point, Georgia
Union Point, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **City of Union Point, 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 the City of Union Point, Georgia's major federal programs for the year ended September 30, 2022. City of Union Point, 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, the City of Union Point, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the City of Union Point, 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 the City of Union Point, 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 the City of Union Point, 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 Union Point, 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 GAAS, *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 Union Point, Georgia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Union Point, 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 Union Point, 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 Union Point, 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-007. Our opinion on each major federal program is not modified with respect to this matter. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-007 to be a material weakness.

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 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.

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

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.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

CITY OF UNION POINT, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	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 2 CFR 200.516(a)?	Yes

Identification of Major Programs:

Assistance Listing Numbers	Name of Federal Program
10.760	Water and Waste Program

Dollar threshold used to distinguish between Type A and Type B program?	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

Findings noted on the 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*:

2022-001 Timely Financial Reporting

CRITERIA
Georgia code establishes requirements of audits for local governments. Each annual audit report of a local unit of government shall be completed and a copy of the report forwarded to the state auditor within 180 days after the close of the unit's fiscal year.

CONDITION
The City's financial records contained material errors, which were identified and corrected subsequent to fiscal year end September 30, 2022. As a result, the City was not ready for audit in time to meet the state auditor submission deadline.

EFFECT
During the fiscal year, the City's financial records contained material errors that were not adjusted in a timely manner.

CAUSE
The City lacked proper internal control structure over accounting and financial reporting.

RECOMMENDATION
We recommend that the City enhance internal control procedures with the overall accounting system and financial reporting to ensure that accounting activity is recorded properly during the fiscal year. The City should establish new internal due dates that require the accounting records to be ready for the annual audit within 75 days after the fiscal year end of September 30th.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management concurs with the finding. Personnel turnover resulted in significant delays in the financial reporting process. The staff is currently receiving training to ensure month-end reconciliations and accruals are completed on a timely basis.

Section II - Financial Statement Findings (Continued)

2022-002 General Ledger Maintenance

CRITERIA

Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the City, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements.

CONDITION

Material audit adjustments were required as follows:

- ARPA Fund
  - Decrease intergovernmental revenues by $36,451
- SPLOST Fund
  - Decrease accounts payable by $4,804
- Water and Sewer Fund
  - Increase construction in progress by $3,302,643
  - Decrease cash by $100,000 to agree to September 2022 reconciliation
  - Increase accounts payable by $166,683
  - Increase retainage payable by $160,057
  - Increase intergovernmental revenue by $1,237,188
- Natural Gas Fund
  - Decrease construction in progress by $225,431
  - Increase joint venture payments received by $99,870

EFFECT

The City's accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE

The City did not have controls in place to ensure transactions and balances in the above condition are being recorded properly.

RECOMMENDATION

We recommend that the City develop controls to ensure transactions and balances in the above condition are recorded properly.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding. Personnel turnover resulted in significant delays in the financial reporting process. The staff is currently receiving training to ensure month-end reconciliations and accruals are completed on a timely basis.

Section II - Financial Statement Findings (Continued)

2022-003 Long-Term Debt

CRITERIA
Generally accepted accounting principles require liabilities whose average maturity is greater than one year to be reported as long-term liabilities. Year-end procedures are necessary to ensure that long-term debt-related expenses and accruals are recorded in the appropriate period.

CONDITION
- Water and Sewer Fund
  - Material audit adjustments of $1,904,330 were required to properly record current year draws on the line of credit and $2,757,725 were required to properly record the payoff of the line of credit.
  - Material audit adjustments of $2,990,000 were required to properly record current year issuance of long-term debt.
- Natural Gas Fund
  - Material audit adjustments of $149,554 were required to properly state note payable balance and $60,534 to properly state bond payable balance.
  - Material audit adjustments of $117,100 were required to properly record interest expense for long-term debt service payments.

EFFECT
The City's accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE
The City's internal controls failed to detect and correct material errors related to long-term debt issuances, balances, and interest expenses in the current year.

RECOMMENDATION
We recommend that the City implement controls to ensure the proper recording of long-term debt activity.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management concurs with the finding. The staff is currently receiving training to ensure the proper recording of long-term debt.

Section II - Financial Statement Findings (Continued)

2022-004 Bank Reconciliations

CRITERIA
An effective system of internal controls includes the requirement that all bank accounts are reconciled with the general ledger on a monthly basis and the reconciliations are reviewed by management or another responsible official.

CONDITION
The City's operating bank account was not properly reconciled to the general ledger control account as of September 30, 2022. Adjustments were required by the City's consultant several months after the fiscal year ended to reconcile the City's operating account to the general ledger.

EFFECT
The failure to properly reconcile bank accounts on a timely basis resulted in incomplete or inaccurate recording of transactions in the City's financial records. Failure to timely and properly perform bank reconciliations increases the likelihood of misappropriation of funds or errors to go undetected.

CAUSE
The City sustained turnover in the finance department during fiscal year 2022 and reassigned department responsibilities amongst finance employees. During the transition period, the bank reconciliation process was not properly completed.

RECOMMENDATION
The City should enhance internal controls to ensure all City bank accounts are properly and timely reconciled to the City's general ledger.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management concurs with the finding. Month-end procedures have been updated to ensure bank reconciliations are prepared on a timely basis.

Section II - Compliance Findings

2022-005 Budgetary Control – Expenditures Exceeding Appropriations

CRITERIA

In order to comply with the applicable legal requirements regarding budgets, procedures must exist to properly monitor compliance with the State law. The Official Code of Georgia (O.C.G.A.) Section 36-81-3 requires an annual balanced budget for the general fund and special revenue funds.

CONDITION

Expenditures in the City's General Fund and ARPA Fund exceeded appropriations in various departments as of September 30, 2022. The City did not adopt a budget for the ARPA Fund.

CONTEXT

Expenditures exceeded appropriations as follows:

Fund	Amount
General Fund	
Governing Body	$ 14,109
Cemetery	2,914
Main Street	1,267
ARPA Fund	27

EFFECT

The City is in violation of O.C.G.A. Section 36-81-3.

CAUSE

The City lacked timely financial reporting to properly monitor the status of budgeted expenditures.

RECOMMENDATION

We recommend the City modify its financial reporting system to monitor budgeted expenditures more closely.

VIEWS OF RESPONSIBLE OFFICALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding. Procedures have been updated to more closely monitor expenditures in relation to approved appropriations.

Section II - Compliance Findings (Continued)

2022-006 Debt Covenants

CRITERIA
Certain long-term debt issuances require that a portion of debt proceeds be held separate and, therefore, restricted as certain debt matures. Separate accounts should be maintained by the City as long as the debt is outstanding.

CONDITION
During fiscal year 2022, the City did not comply with debt covenants related to mandatory sinking fund, debt service, debt service reserve and short-lived assets account requirements for the 2008 Series, 2015A Series and 2015B Series, and 2021A Series and 2021B Series Bonds. The City lacked sufficient controls to ensure compliance with the debt covenants.

CONTEXT
The City comingled debt proceeds and failed to establish separate restricted bank accounts in accordance with debt covenants and agreements.

EFFECT
The City was not in compliance with debt covenants related to bond issuances.

CAUSE
The City's internal controls and procedures failed to properly restrict assets and net position in accordance with debt issuance agreements entered by the City.

RECOMMENDATION
The City should enhance internal controls and procedures to comply with all debt covenants related to the City's debt issuances.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management concurs with the finding. The City has established separate bank accounts to comply with debt covenants.

Section II - Federal Award Findings and Questioned Costs

2022-007 Untimely Submission of Single Audit Report

CRITERIA
Per the Code of Federal Regulations 2 CFR § 200.512, a non-Federal entity that expends $750,000 or more in Federal awards during the non-Federal entity's fiscal year must have a single or program-specific audit conducted for that year and the audit, the data collection form, and the reporting package must be submitted to the Federal Audit Clearinghouse within 30 calendar days after the auditee receives the auditor's report(s) or nine months after the end of the audit period (whichever is earlier).

CONDITION
The City's financial records related to expenditures of Federal awards were not ready for audit within nine months of the City's fiscal year end.

EFFECT
The City failed to meet the submission requirements per the Code of Federal Regulations 2 CFR § 200.512.

CAUSE
The City lacked proper internal control structure over accounting and financial reporting related to expenditures of Federal awards.

RECOMMENDATION
We recommend that the City enhance internal control procedures with the overall accounting system and financial reporting to ensure that accounting activity is recorded properly during the fiscal year. The City should establish new internal due dates that require the accounting records to be ready for the annual audit within 75 days after the fiscal year end of September 30th.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management concurs with the finding. Personnel turnover resulted in significant delays in the financial reporting process. The staff is currently receiving training to ensure month-end reconciliations and accruals are completed on a timely basis.

CITY OF UNION POINT, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

FINANCIAL STATEMENT FINDINGS

2021-001 Timely Financial Reporting

Status: Unresolved. See Current Year Finding 2022-001

2021-002 General Ledger Maintenance

Status: Unresolved. See Current Year Finding 2022-002

2021-003 Long-Term Debt

Status: Unresolved. See Current Year Finding 2022-003

2021-004 Bank Reconciliations

Status: Unresolved. See Current Year Finding 2022-004

2021-005 Budgetary Control – Expenditures Exceeding Appropriations

Status: Unresolved. See Current Year Finding 2022-005

2021-006 Debt Covenants

Status: Unresolved. See Current Year Finding 2022-006

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-007 Untimely Submission of Single Audit Report

Status: Unresolved. See Current Year Finding 2022-007

CITY OF UNION POINT

POST OFFICE BOX 233
UNION POINT, GEORGIA 30669
706-486-4102
FAX 706-486-4276

April 9, 2026

CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

City of Union Point, Georgia respectfully submits the following corrective action plan for the fiscal year ended September 30, 2022.

FINANCIAL STATEMENT FINDINGS

2022-001 Timely Financial Reporting

Name of Contact Person: Becky Cronic, City Clerk

Recommendation: We recommend that the City enhance internal control procedures with the overall accounting system and financial reporting to ensure that accounting activity is recorded properly during the fiscal year. The City should establish new internal due dates that require the accounting records to be ready for the annual audit within 75 days after the fiscal year end of September 30th.

Corrective Action: Management concurs with the finding. Personnel turnover resulted in significant delays in the financial reporting process. The staff is currently receiving training to ensure that month-end reconciliations and accruals are completed on a timely basis.

Anticipated Completion Date: April 9, 2026

2022-002 General Ledger Maintenance

Name of Contact Person: Becky Cronic, City Clerk

Recommendation: We recommend that the City develop controls to ensure transactions and balances are recorded properly and accurately in the City's accounting records.

Corrective Action: Management concurs with the finding. Personnel turnover resulted in significant delays in the financial reporting process. The staff is currently receiving training to ensure that month-end reconciliations and accruals are completed on a timely basis.

Anticipated Completion Date: April 9, 2026

FINANCIAL STATEMENT FINDINGS (Continued)

2022-003 Long-Term Debt

Name of Contact Person: Becky Cronic, City Clerk

Recommendation: We recommend that the city implement controls to ensure the proper recording of long-term debt activity.

Corrective Action: Management concurs with the finding. The staff is currently receiving training to ensure the proper recording of long-term debt.

Anticipated Completion Date: April 9, 2026

2022-004 Bank Reconciliations

Name of Contact Person: Becky Cronic, City Clerk

Recommendation: The city should enhance internal controls to ensure all City bank accounts are properly and timely reconciled to the City's general ledger.

Corrective Action: Management concurs with the finding. Month-end procedures have been updated to ensure bank reconciliations are prepared on a timely basis.

Anticipated Completion Date: April 9, 2026

COMPLIANCE FINDINGS

2022-005 Budgetary Control – Expenditures Exceeding Appropriations

Name of Contact Person: Becky Cronic, City Clerk

Recommendation: We recommend that the City modifies its financial reporting system to monitor budgeted expenditures more closely.

Corrective Action: Management concurs with the finding. Procedures have been updated to more closely monitor expenditures in relation to approved appropriations.

Anticipated Completion Date: April 9, 2026

2022-006 Debt Covenants

Name of Contact Person: Becky Cronic, City Clerk

Recommendation: The City should enhance internal controls and procedures to comply with all debt covenants related to the City's debt issuances.

Corrective Action: Management concurs with the finding. The City has established separate bank accounts to comply with debt covenants.

Anticipated Completion Date: April 9, 2026

FEDERAL AWARDS FINDINGS

2022-007 Untimely Submission of Single Audit Report

Name of Contact Person: Becky Cronic, City Clerk

Recommendation: We recommend that the City enhance internal control procedures with the overall accounting system and financial reporting to ensure that accounting activity is recorded properly during the fiscal year. The City should establish new internal due dates that require the accounting records to be ready for the annual audit within 75 days after the fiscal year end of September 30th.

Corrective Action: Management concurs with the finding. Personnel turnover resulted in significant delays in the financial reporting process. The staff is currently receiving training to ensure that month-end reconciliations and accruals are completed on a timely basis.

Anticipated Completion Date: April 9, 2026