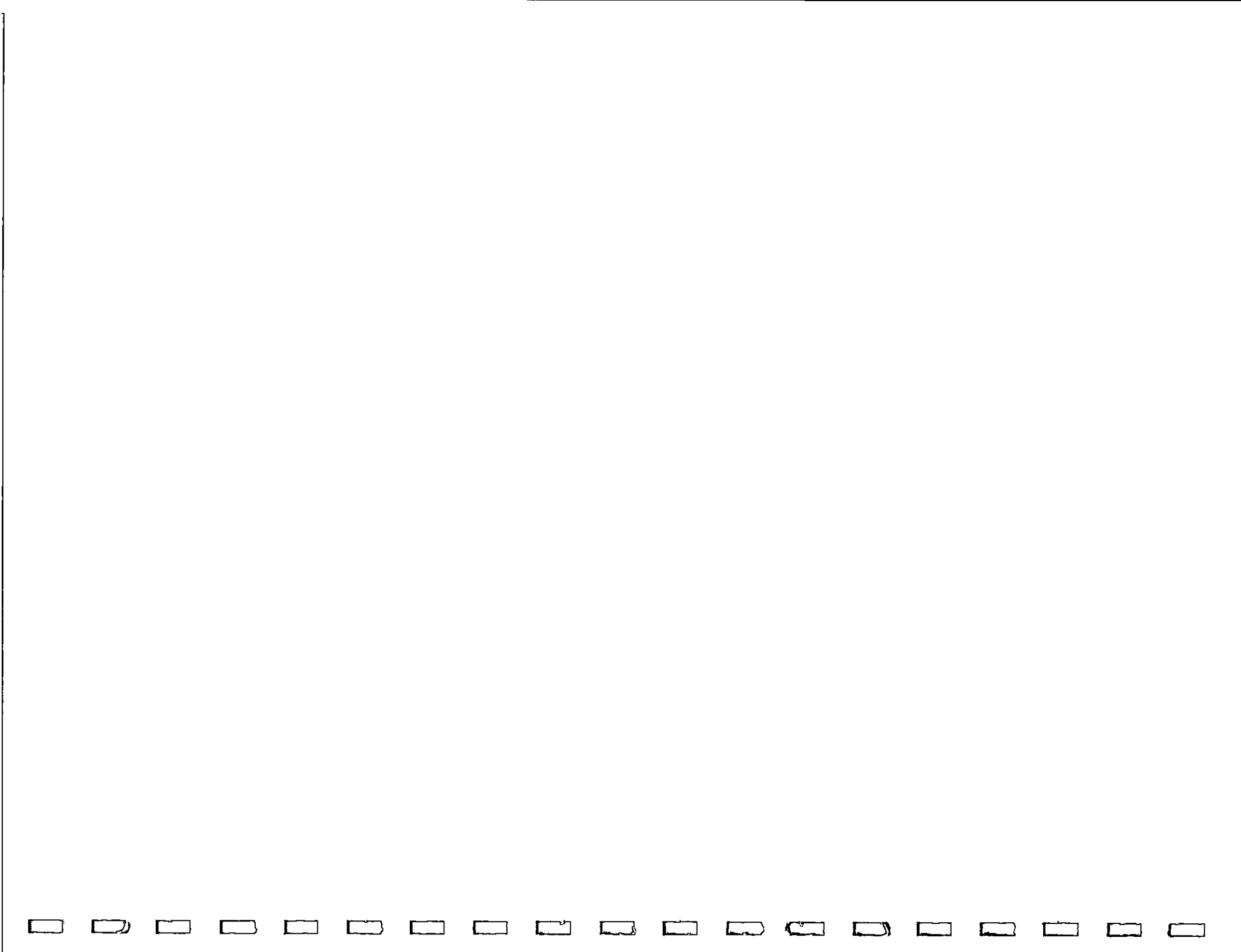
CITY OF WALNUT GROVE, GEORGIA

FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023 AND
INDEPENDENT AUDITOR'S REPORT



CITY OF WALNUT GROVE, GEORGIA

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MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

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February 13, 2024

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Walnut Grove, 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, each major fund and the remaining fund information of the **City of Walnut Grove, Georgia (the "City")** as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, each major fund and the remaining fund information of the City as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the American Rescue Plan Act Grant 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 sales tax proceeds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2024 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 WALNUT GROVE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and Cash Equivalents	$ 1,641,654	$ 1,188,630	$ 2,830,284	$ 91,460
Receivables, Net of Allowance				
Taxes	987	-	987	-
Accounts	9,588	4,792	14,380	-
Due From Other Governments	64,239	-	64,239	-
Prepayments	6,540	-	6,540	-
Internal Balances	481,666	(481,666)	-	-
Capital Assets				
Nondepreciable	931,252	193,729	1,124,981	-
Depreciable	987,876	2,111,912	3,099,788	-
Total Assets	4,123,802	3,017,397	7,141,199	91,460
Liabilities				
Accounts Payable	38,611	4,306	42,917	-
Accrued Liabilities	4,506	-	4,506	-
Unearned Revenue	506,753	132,000	638,753	-
Long-Term Debt				
Due Within One Year	32,172	38,424	70,596	-
Due in More than One Year	97,035	540,928	637,963	-
Total Liabilities	679,077	715,658	1,394,735	-
Net Position				
Net Investment in Capital Assets	1,789,921	1,726,289	3,516,210	-
Restricted				
Capital Outlay	577,162	-	577,162	-
Unrestricted	1,077,642	575,450	1,653,092	91,460
Total Net Position	$ 3,444,725	$ 2,301,739	$ 5,746,464	$ 91,460

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

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

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total	Component Unit: Downtown Development Authority
Primary Government								
Governmental Activities								
General Government	$ 377,907	$ 27,262	$ -	$ -	$ (350,645)	$ -	$ (350,645)	$ -
Judicial	1,953	57,456	-	-	55,503	-	55,503	-
Public Safety	12,421	-	-	-	(12,421)	-	(12,421)	-
Public Works	553,460	-	18,986	389,920	(144,554)	-	(144,554)	-
Culture and Recreation	69,640	-	-	-	(69,640)	-	(69,640)	-
Interest on Long-Term Debt	4,874	-	-	-	(4,874)	-	(4,874)	-
Total Governmental Activities	1,020,255	84,718	18,986	389,920	(526,631)	-	(526,631)	-
Business-Type Activities								
Water and Sewer	124,255	60,531	-	-	-	(63,724)	(63,724)	-
Total Business-Type Activities	124,255	60,531	-	-	-	(63,724)	(63,724)	-
Total Primary Government	$ 1,144,510	$ 145,249	$ 18,986	$ 389,920	(526,631)	(63,724)	(590,355)	-
Component Unit								
Downtown Development Authority	$ -	$ -	$ -	$ -	-	-	-	-
General Revenues								
Sales Tax					323,190	-	323,190	-
Property Tax					318,917	-	318,917	-
Other Taxes					293,954	-	293,954	-
Interest Earnings					599	230	829	9
Other					8,758	-	8,758	-
Total General Revenues					945,418	230	945,648	9
Transfers					(36,887)	36,887	-	-
Total General Revenues and Transfers					908,531	37,117	945,648	9
Change in Net Position					381,900	(26,607)	355,293	9
Net Position - Beginning of Year					3,062,825	2,328,346	5,391,171	91,451
Net Position - End of Year					$ 3,444,725	$ 2,301,739	$ 5,746,464	$ 91,460

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

CITY OF WALNUT GROVE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	ARPA Fund	2019 SPLOST Fund	Nonmajor 2013 SPLOST Fund	Total Governmental Funds
Assets					
Cash and Cash Equivalents	$ 1,099,062	$ -	$ 542,592	$ -	$ 1,641,654
Receivables, Net of Allowance					
Taxes	987	-	-	-	987
Accounts	9,588	-	-	-	9,588
Due From Other Governments	29,669	-	34,570	-	64,239
Due From Other Funds	-	506,753	-	-	506,753
Prepayments	6,540	-	-	-	6,540
Total Assets	$ 1,145,846	$506,753	$ 577,162	$ -	$ 2,229,761
Total Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities					
Accounts Payable	$ 38,611	$ -	$ -	$ -	$ 38,611
Accrued Expenditures	4,506	-	-	-	4,506
Due To Other Funds	25,087	-	-	-	25,087
Unearned Revenues	-	506,753	-	-	506,753
Total Liabilities	68,204	506,753	-	-	574,957
Deferred Inflow of Resources					
Unavailable Revenue - Property Taxes	145	-	-	-	145
Total Deferred Inflow of Resources	145	-	-	-	145
Fund Balances					
Nonspendable	6,540	-	-	-	6,540
Restricted	-	-	577,162	-	577,162
Unassigned	1,070,957	-	-	-	1,070,957
Total Fund Balances	1,077,497	-	577,162	-	1,654,659
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	$ 1,145,846	$506,753	$ 577,162	$ -	$ 2,229,761

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

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

Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:

Total Governmental Fund Balances	$	1,654,659
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the Assets		3,971,480
Accumulated Depreciation		(2,052,352)
Revenues		
Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		145
Long-Term Liabilities		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:		
Bonds Payable		(129,207)
Net Position of Governmental Activities	$	3,444,725

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

CITY OF WALNUT GROVE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	ARPA Fund	2019 SPLOST Fund	Nonmajor 2013 SPLOST Fund	Total Governmental Funds
Revenues					
Taxes					
Sales Tax	$ 323,190	$ -	$ -	$ -	$ 323,190
Property Tax	319,374	-	-	-	319,374
Insurance Premium	110,377	-	-	-	110,377
Franchise Taxes	84,402	-	-	-	84,402
Beer and Wine	86,343	-	-	-	86,343
Motor Vehicle	2,721	-	-	-	2,721
Other	10,111	-	-	-	10,111
License and Permits	27,262	-	-	-	27,262
Intergovernmental	18,986	-	389,920	-	408,906
Fines	57,456	-	-	-	57,456
Interest Earnings	599	-	-	-	599
Other Revenues	8,758	-	-	-	8,758
Total Revenues	1,049,579	-	389,920	-	1,439,499
Expenditures					
Current:					
General Government	369,009	-	-	-	369,009
Judicial	1,953	-	-	-	1,953
Public Safety	11,797	-	-	-	11,797
Public Works	337,685	-	99,216	41	436,942
Culture and Recreation	65,369	-	-	-	65,369
Debt Service					
Principal	31,132	-	-	-	31,132
Interest	4,874	-	-	-	4,874
Total Expenditures	821,819	-	99,216	41	921,076
Excess (Deficiency) of Revenues Over (Under) Expenditures	227,760	-	290,704	(41)	518,423
Other Financing Sources (Uses)					
Transfers To Other Funds	(30,000)	-	-	(6,887)	(36,887)
Total Other Financing Sources (Uses)	(30,000)	-	-	(6,887)	(36,887)
Net Change in Fund Balances	197,760	-	290,704	(6,928)	481,536
Fund Balance - Beginning of Year	879,737	-	286,458	6,928	1,173,123
Fund Balance - End of Year	$1,077,497	$ -	$ 577,162	$ -	$ 1,654,659

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

CITY OF WALNUT GROVE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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

Net Changes in Fund Balances - Total Governmental Funds	$	481,536
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.		
Total Depreciation		(130,311)
Revenues		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(457)
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 the 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:		
Principal Payments on Bonds Payable		31,132
Change in Net Position of Governmental Activities	$	381,900

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

CITY OF WALNUT GROVE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Taxes				
Local Option Sales Tax	$ 220,000	$ 292,300	$ 323,190	$ 30,890
Property	210,000	284,000	319,374	35,374
Other Taxes				
Beer and Wine	80,000	80,000	86,343	6,343
Insurance Premium	105,000	105,000	110,377	5,377
Franchise	74,500	85,500	84,402	(1,098)
Motor Vehicle	2,500	2,500	2,721	221
Other	42,750	42,750	10,111	(32,639)
Total Taxes	734,750	892,050	936,518	44,468
Intergovernmental	-	-	18,986	18,986
Licenses and Permits				
Building Permits and Licenses	66,150	66,150	27,262	(38,888)
Total Licenses and Permits	66,150	66,150	27,262	(38,888)
Fines and Forfeitures				
Fines	36,500	36,500	57,456	20,956
Total Fines and Forfeitures	36,500	36,500	57,456	20,956
Other Revenues				
Interest Earnings	500	500	599	99
Miscellaneous	6,850	6,850	8,758	1,908
Total Other Revenues	7,350	7,350	9,357	2,007
Total Revenues	$ 844,750	$ 1,002,050	$ 1,049,579	$ 47,529

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

CITY OF WALNUT GROVE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

	Budget Amounts			Variance With Final
	Original	Final	Actual	Budget
Expenditures				
Current				
General Government				
Administrative	$ 300,650	$ 450,694	$ 369,009	$ 81,685
Judicial				
Municipal Court	39,600	36,850	1,953	34,897
Culture and Recreation				
Library	50,000	60,000	60,000	-
Community Events	22,900	24,900	5,369	19,531
Public Works				
Street	247,523	331,000	256,773	74,227
Waste Collection	60,000	85,000	80,912	4,088
Public Safety	34,050	38,600	11,797	26,803
Debt Service				
Principal	30,126	31,132	31,132	-
Interest	5,874	4,874	4,874	-
Total Expenditures	790,723	1,063,050	821,819	241,231
Excess (Deficiency) of Revenues Over (Under) Expenditures	54,027	(61,000)	227,760	288,760
Other Financing Sources (Uses)				
Transfer to Other Funds	-	(20,000)	(30,000)	(10,000)
Total Other Financing Sources (Uses)	-	(20,000)	(30,000)	(10,000)
Net Change in Fund Balances	54,027	(81,000)	197,760	278,760
Fund Balance - Beginning of Year	879,737	879,737	879,737	-
Fund Balance - End of Year	$ 933,764	$ 798,737	$ 1,077,497	$ 278,760

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

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CITY OF WALNUT GROVE, GEORGIA
AMERICAN RESCUE PLAN ACT GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
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 WALNUT GROVE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Water Treatment Plant Fund
Assets	
Current Assets	
Cash and Cash Equivalents	$ 1,188,630
Accounts Receivable	4,792
Due From Other Funds	25,087
Total Current Assets	1,218,509
Noncurrent Assets	
Capital Assets	
Nondepreciable	193,729
Depreciable, Net	2,111,912
Total Noncurrent Assets	2,305,641
Total Assets	3,524,150
Liabilities	
Current Liabilities	
Accounts Payable	4,306
Notes Payable	38,424
Due to Other Funds	506,753
Unearned Revenue	132,000
Total Current Liabilities	681,483
Noncurrent Liabilities	
Notes Payable	540,928
Total Noncurrent Liabilities	540,928
Total Liabilities	1,222,411
Net Position	
Net Investment in Capital Assets	1,726,289
Unrestricted	575,450
Total Net Position	$ 2,301,739

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

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

	Water Treatment Plant Fund
Operating Revenues	
Charges and Fees	$ 60,531
Total Operating Revenues	60,531
Operating Expenses	
Utilities	17,874
Engineering	7,610
Other Operating Expenses	1,034
Repairs and Maintenance	9,541
Depreciation	84,476
Total Operating Expenses	120,535
Total Operating Income (Loss)	(60,004)
Nonoperating Revenues (Expenses)	
Interest Expense	(3,720)
Interest Income	230
Total Nonoperating Revenues (Expenses)	(3,490)
Net Income Before Transfers	(63,494)
Transfers In	36,887
Change in Net Position	(26,607)
Total Net Position - Beginning of Year	2,328,346
Total Net Position -End of Year	$ 2,301,739

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

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

	Water Treatment Plant Fund
Cash Flows from Operating Activities	
Cash Received from Customers	$ 148,751
Cash Paid to Suppliers for Goods and Services	(121,538)
Net Cash Flows Provided by (Used for) Operating Activities	27,213
Cash Flows from Noncapital Financing Activities	
Increase in Due To American Rescue Grant Act Fund	253,376
Transfers From Other Funds	36,887
Net Cash Provided by Noncapital Financing Activities	290,263
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(19,228)
Interest Payments	(3,720)
Principal Payments on Long-term Debt	(38,068)
Net Cash Provided by Capital and Related Financing Activities	(61,016)
Cash Flows from Investing Activities	
Interest Income	231
Net Cash Flows Provided by (Used for) Investing Activities	231
Net Increase (Decrease) in Cash and Cash Equivalents	256,691
Cash and Cash Equivalents - Beginning of Year	931,939
Cash and Cash Equivalents - End of Year	$ 1,188,630

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

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

	Water Treatment Plant Fund
Reconciliation of Increase (Decrease) in Net Position to Net Cash Used in Operating Activities	
Total Operating Income (Loss)	$ (60,004)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	84,476
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivables	3,549
(Increase) Decrease in Due From Other Funds	(5,805)
Increase (Decrease) in Accounts Payable	(1,003)
Increase (Decrease) in Unearned Revenue	6,000
Total Adjustments	87,217
Net Cash Provided by (Used for) Operating Activities	$ 27,213

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

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NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The City of Walnut Grove was incorporated on January 1, 1905, under the provision of an Act of the General Assembly of Georgia. The City of Walnut Grove operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety, streets, sanitation, and general administrative services.

The accounting policies of the City of Walnut Grove conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the City's more significant policies applied in the preparation of the accompanying financial statements.

Reporting Entity

As required by GAAP, the financial statements of the reporting entity include those of the City of Walnut Grove, Georgia (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 unit discussed below is included in the City's reporting entity because of the significance of their operational and financial relationships with the City. In conformity with GAAP, as set forth in Statement of Governmental Accounting Standards Board (GASB) 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. The financial statement of the component unit has been included as a discretely presented component unit. The component unit columns in the combined financial statements include the financial data for the Downtown Development Authority, as of June 30, 2023. The financial information for the component unit is reported in columns separate from the City's financial information to emphasize that it is legally separate from the City.

Discretely Presented Component Units

The Downtown Development Authority (the Authority) provides various oversight services for the citizens of the City related to the development of the downtown area. The Authority's governing authority is appointed by the City Council. The Authority's policy is to maintain its financial records on the cash basis of accounting. The Authority is audited along with the primary government financial statements and separate financial statements are not prepared.

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Northeast Georgia Regional Commission (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 organization structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39-.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Northeast Georgia Regional Commission
305 Research Drive
Athens, GA 30605

(1) Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. 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.

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 includes: 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 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 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 reported as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 sale and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(1) Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government reports the following major governmental funds:

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

ARPA Fund – This special revenue fund is used to account for fund received through the American Rescue Plan Act.

2019 Special Purpose Local Option Sales Tax (SPLOST) - This capital project fund is used to account for various projects associated with the approved SPLOST.

The government reports the following major proprietary fund:

Water Treatment Plant Fund - This fund accounts for the activities of the water treatment facility.

Additionally, the government reports the following nonmajor fund type:

Capital Projects Fund - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type / proprietary funds).

Deposits

The government's cash and cash equivalents are considered cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Inventory

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures or expenses, as appropriate, when purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items using the consumption methods of reporting an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is nonspendable, as this amount is not available for general appropriation.

(1) Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are valued at cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their acquisition value on the date of donation.

General infrastructure assets acquired prior to January 1, 2004, are not reported in the basic financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Governmental Activities
Buildings	10 - 30 Years
Building Improvements	10 - 15 Years
Improvement, Other than Buildings	10 Years
Equipment	5 - 10 Years
Furniture and Fixtures	5 - 7 Years
Vehicles	5 Years
Infrastructure	20 Years

Compensated Absences

The vacation benefits granted to full-time, permanent employees are immaterial to the financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position.

(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 the Council. The Council approves committed resources through a motion and vote during the voting session of Council meetings.

Assigned - amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. By motion, the City Council has authorized the Mayor or 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 fund balance in the following order: restricted, committed, assigned, and unassigned amounts as they are needed. The City does not have a formal minimum fund balance policy.

The following is a summary of the fund balance classifications as of June 30, 2023:

	General Fund	2019 SPLOST	Total
Fund Balances			
Nonspendable			
Prepayments	$ 6,540	$ -	$ 6,540
Restricted			
Capital Outlay	-	577,162	577,162
Unassigned	1,070,957	-	1,070,957
Total Fund Balances	$ 1,077,497	$ 577,162	$ 1,654,659

Net Position Flow Assumption

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

(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 these types of risk. For these risks, settlements have not exceeded coverage for the past three years. The City had no significant reduction in insurance coverage from coverage in the prior year.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item which arises under a modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

(2) Budgets and Budgetary Accounting

Budget Process

An annual appropriate budget is adopted for all fund types except fiduciary funds, which are not budgeted and capital projects fund which have project length budgets. Budgets are prepared on the modified accrual basis for governmental type funds and are consistent with GAAP. All annual appropriations lapse at the end of the fiscal year with the exception of the capital projects funds.

Each year, the City Clerk and Mayor prepare a proposed budget for consideration by the City Council. Prior to the beginning of the new fiscal year, the City holds budget hearings seeking comments and fielding questions from its citizens. After consideration of all comments and a review of the proposed budget, the City Council either approves the original proposed budget or a revised budget, after making appropriate changes.

The budget is prepared on a detailed line-item basis. Budgetary control is maintained at the department level of control. Revenues are budgeted by source. Expenditures are budgeted by department. All budget revisions at this level are subject to final review by City Council. Within these control levels, management may transfer appropriations without Council approval.

(3) Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that in the event of the failure of the bank, the government will not be able to recover deposits. The City's bank balances of deposits as of June 30, 2023 are entirely insured or collateralized with securities held by the City's agent in the City's name. State statues 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. The City's deposits are categorized to give an indication of the level of risk assumed by the City at fiscal year-end.

The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 - Uncollateralized

(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. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Walton County Board of Tax Assessors.

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.

Property taxes are levied each year based on assessed values determined the previous January 1. The Mayor and Council officially set the mill rates each year. Property taxes attach an enforceable lien on property as of June 30th of the following year. Judicial property sales are commenced during June and July of the following year.

The property tax calendar is as follows:

	Real / Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	November 15	January 1
Due Date and Collection Date	January 20	Staggered
Lien Date	June 20	N/A

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.

(5) Due from Other Governments

Amounts due from other governments consist of the following:

	General Fund	2019 SPLOST	Total
State of Georgia	$ 25,471	$ -	$ 25,471
Walton County	4,198	34,570	38,768
	$ 29,669	$ 34,570	$ 64,239

(6) Unearned Revenue

Unearned revenue represents tap fees which were paid for in advance by developers for projects that will be completed in subsequent period. As of June 30, 2023, unearned tap fees totaled $132,000. In addition, ARPA funds totaling $506,753 for lost revenues due to COVID were received in fiscal years 2022 and 2023.

(7) Receivables

Receivables at June 30, 2023 consist of the following:

	General Fund	**Water Treatment Plant Fund**	**Total**
Receivables			
Taxes	$ 987	$ -	$ 987
Accounts	9,588	4,792	14,380
Gross Receivables	10,575	4,792	15,367
Less Allowances for Uncollectibles	-	-	-
Net Receivables	$ 10,575	$ 4,792	$ 15,367

(8) Capital Assets

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

Governmental Activities	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 931,252	$ -	$ -	$ 931,252
Total Capital Assets Not Being Depreciated	931,252	-	-	931,252
Capital Assets Being Depreciated				
Buildings	534,469	-	-	534,469
Improvements	2,067,780	-	-	2,067,780
Machinery and Equipment	437,979	-	-	437,979
Total Capital Assets Being Depreciated	3,040,228	-	-	3,040,228
Accumulated Depreciation				
Buildings	(378,430)	(13,464)	-	(391,894)
Improvements	(1,182,972)	(101,511)	-	(1,284,483)
Machinery and Equipment	(360,639)	(15,336)	-	(375,975)
Total Accumulated Depreciation	(1,922,041)	(130,311)	-	(2,052,352)
Total Capital Assets Being Depreciated, Net	1,118,187	(130,311)	-	987,876
Governmental Activities Capital Assets, Net	$ 2,049,439	$ (130,311)	$ -	1,919,128
Less Related Long-Term Debt Outstanding				(129,207)
Net Investment in Capital Assets				$ 1,789,921

(8) Capital Assets (Continued)

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

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	$ 125,000	$ -	$ -	$ 125,000
Construction in progress	49,501	19,228	-	68,729
Total Capital Assets Not Being Depreciated	174,501	19,228	-	193,729
Capital Assets Being Depreciated				
Buildings	2,093,813	-	-	2,093,813
Improvements	440,481	-	-	440,481
Total Capital Assets Being Depreciated	2,534,294	-	-	2,534,294
Accumulated Depreciation				
Buildings	(279,176)	(69,794)	-	(348,970)
Improvements	(58,728)	(14,684)	-	(73,412)
Total Accumulated Depreciation	(337,904)	(84,478)	-	(422,382)
Total Capital Assets Being Depreciated, Net	2,280,865	(84,478)	-	2,111,912
Business-Type Activities Capital Assets, Net	$ 2,455,366	$ (65,250)	$ -	2,305,641
Less Related Long-Term Debt Outstanding				(579,352)
Net Investment in Capital Assets				$ 1,726,289

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

Governmental Activities	
General Government	$ 8,898
Public Safety	624
Public Works	116,518
Culture and Recreation	4,271
Total Depreciation - Governmental Activities	$ 130,311
Business-Type Activities	
Water / Sewer Plant	$ 84,478
Total Depreciation - Business-Type Activities	$ 84,478

(9) Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2023 consisted of the following amount:

Receivable Fund	Payable Fund	Amount
ARPA Fund	Water Treatment Plant Fund	$ 506,753
Water Treatment Plant Fund	General Fund	25,087
Total		$ 531,840

The outstanding balances between funds result mainly from the timing differences between the date that reimbursable expenditures occur and the date the payments between funds are made. The City expects to repay all interfund balances within one year.

Transfers Out	Transfers In	Amount
General Fund	Water Treatment Plant Fund	$ 30,000
Nonmajor Governmental Fund	Water Treatment Plant Fund	6,887
		$ 36,887

The 2013 SPLOST transferred $6,887 to the Water Treatment Plant Fund to reimburse costs associated with the water treatment plant expansion.

(10) Long-Term Debt

Governmental Activities

Revenue Bonds

The City issued tax free bonds in the amount of $425,000 through Truist Governmental Finance. This bond called for 180 monthly payments of $2,995 beginning May 17, 2012. The bonds have an interest rate of 3.29 percent and are secured by real estate. The bond proceeds were used to pay off City debt and fund the library project. Interest expense for 2023 was $4,874.

Revenue bond debt service to maturity as of years ended June 30 is as follows:

Year	Principal	Interest	Total
2024	$ 32,172	$ 3,768	$ 35,940
2025	33,246	2,694	35,940
2026	34,357	1,583	35,940
2027	29,432	444	29,876
Total	$ 129,207	$ 8,489	$ 137,696

(10) Long-Term Debt (Continued)

Business-Type Activities

Notes Payable

During 2014, the City obtained financing from the Georgia Environmental Finance Authority (GEFA) to finance its portion of the joint venture with Walton County to construct a water treatment facility. The loan was refinanced from five years to twenty years in December 2017. The total amount of the loan is $850,000. The loan has an interest rate of 0.62 percent. Total interest expense for 2023 was $3,720. Future maturities for the years ended June 30 are as follows:

Year	Principal	Interest	Total
2024	$ 38,424	$ 3,483	$ 3,483
2025	38,543	3,245	3,245
2026	38,783	3,005	3,005
2027	39,024	2,764	2,764
2028	39,266	2,522	2,522
2029-2033	200,024	6,638	6,638
2034-2037	185,288	2,609	2,609
Total	$ 579,352	$ 24,266	$ 24,266

Changes in Long-Term Obligations

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2023:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Revenue Bonds	$ 160,339	$ -	$ (31,132)	$ 129,207	$ 32,172
Total	$ 160,339	$ -	$ (31,132)	$ 129,207	$ 32,172
Business-Type Activities					
Notes Payable	$ 617,420	$ -	$ (38,068)	$ 579,352	$ 38,424
Total	$ 617,420	$ -	$ (38,068)	$ 579,352	$ 38,424

(11) Contingent Liabilities

Litigation

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the City's financial 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 amount, 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.

SUPPLEMENTARY INFORMATION

CITY OF WALNUT GROVE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2023

2013 SPLOST	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Special Local Option Sales Tax					
Wastewater Treatment Facility and Infrastructure	$ 850,000	$ 850,000	$ 569,234	$ 6,887	$ 576,121
Streets, Sidewalks, Drainage, and Public Parking	100,000	115,000	402,564	41	402,605
	$ 950,000	$ 965,000	$ 971,798	$ 6,928	$ 978,726

*The City closed the 2013 SPLOST Fund in fiscal year 2023.

2019 SPLOST	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Special Local Option Sales Tax				
Sewer System Improvements	$ 400,000	$ 49,576	$ -	$ 49,576
Transportation and Traffic Safety	502,605	518,092	99,216	617,308
	$ 902,605	$ 567,668	$ 99,216	$ 666,884

GOVERNMENTAL REPORT

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

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February 13, 2024

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 City Council
City of Walnut Grove, 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, each major fund and the remaining fund information of the **City of Walnut Grove, Georgia (the "City")** as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 13, 2024.

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 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City'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