

CITY OF GROVETOWN, GEORGIA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

CITY OF GROVETOWN, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Council
City of Grovetown, Georgia
Grovetown, Georgia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Grovetown, Georgia** (the "City"), as of and for the year ended June 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 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 ARPA 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 ("*Government Auditing Standards*"). 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

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 – 11), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on pages 46 and 47), and the Schedule of Contributions (on pages 48 and 49) 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.

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 combining statements and schedules and the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds ("SPLOST"), as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121 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 of Federal Awards*, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules and the SPLOST proceeds 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 December 20, 2022, 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 the City's 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.

Mauldin & Jenkins, LLC

Macon, Georgia
December 20, 2022

CITY OF GROVETOWN, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Georgia law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2022.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that was established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

Mauldin & Jenkins, CPAs & Advisors has issued an unmodified opinion on the City of Grovetown, Georgia's (the "City") financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

As management of the City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent calendar year by \$57,022,028. Of this amount, \$30,499,311 reflects net investment in capital assets. At year-end, the City's unrestricted net position totaled \$18,347,671 and could be used at the discretion of the Mayor and City Council.
- The City reported a \$9,497,618 increase in net position for the year ended June 30, 2022. This is an increase of \$5,446,973 from the prior year.
- As of June 30, 2022, the City's combined fund balance of the City's governmental funds was approximately \$19,658,395, an increase of \$7,855,777 from the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

The following Management Discussion and Analysis (“MD&A”) serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-Wide Financial Statements – The government-wide financial statements consist of two statements: 1) statement of net position, and 2) statement of activities.

The *statement of net position* presents information for the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes). Both the government-wide financial statements are prepared utilizing the accrual basis of accounting and distinguish functions of the City.

In the government-wide financial statements, the City is divided into two categories of activities:

Governmental activities – Most of the City's basic services are reported in this category, including the police, fire, transportation, culture and recreation, and general administration. Property taxes, sales taxes, insurance premium taxes, and franchise fees finance most of these activities.

Business-type activities – The City charges a fee to customers to help it cover the cost of services it provides. The City's water and sewer system and stormwater system are reported in this category.

Reporting the City's Most Significant Funds

Fund financial statements – The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law. However, the City established many other funds to help it control and manage money for purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money. The City's two kinds of funds – governmental and proprietary – utilize different accounting approaches.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The balances left in the funds at year-end are those available for spending. These funds 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. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long-term effect of the government's near-term financing decisions.

The relationship or difference between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements. The City has five individual governmental funds (General Fund, American Rescue Plan Act ("ARPA") Fund, Special Purpose Local Option Sales Tax Proceeds ("SPLOST"), 2011-2016 Fund, SPLOST 2017-2022 Fund, Police Seizure Fund, and Transportation SPLOST Fund).

Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the SPLOST 2017-2022 Fund, both of which are considered major funds. This information is also presented for the nonmajor funds.

Proprietary funds – The City charges customers for the services provided (water and sewer and stormwater service) to outside customers including other local governments. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and stormwater fund, both of which are considered to be major funds of the City. The proprietary fund financial statements can be found immediately following the governmental fund financial statements.

Notes to the financial statements – The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund statements. The notes to the basic financial statements can be found on pages 22 through 45 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees, budgetary comparative information for the General Fund and Proprietary Fund and infrastructure modified approach. Supplementary information begins on page 46.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

By far the largest portion of the City's net position (53%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 20,849,661	\$ 12,295,967	\$ 7,619,402	\$ 7,331,867	\$ 28,469,063	\$ 19,627,834
Capital assets	25,367,356	24,287,938	31,016,165	28,950,034	56,383,521	53,237,972
Total assets	<u>46,217,017</u>	<u>36,583,905</u>	<u>38,635,567</u>	<u>36,281,901</u>	<u>84,852,584</u>	<u>72,865,806</u>
Deferred Outflows of Resources	<u>434,329</u>	462,377	<u>55,299</u>	103,977	<u>489,628</u>	566,354
Current liabilities	819,960	1,147,360	437,668	482,318	1,257,628	1,629,678
Long-term liabilities	534,012	174,083	25,568,734	23,771,403	26,102,746	23,945,486
Total liabilities	<u>1,353,972</u>	<u>1,321,443</u>	<u>26,006,402</u>	<u>24,253,721</u>	<u>27,360,374</u>	<u>25,575,164</u>
Deferred Inflows of Resources	<u>741,636</u>	185,397	<u>218,174</u>	147,189	<u>959,810</u>	332,586
Net position:						
Net investment in capital assets	25,050,748	24,287,938	5,448,563	5,213,005	30,499,311	29,500,943
Restricted for:						
Debt service	-	-	2,692,312	1,867,149	2,692,312	1,867,149
Capital projects	5,482,734	3,653,057	-	-	5,482,734	3,653,057
Unrestricted	14,022,256	7,598,447	4,325,415	4,904,814	18,347,671	12,503,261
Total net position	<u>\$ 44,555,738</u>	<u>\$ 35,539,442</u>	<u>\$ 12,466,290</u>	<u>\$ 11,984,968</u>	<u>\$ 57,022,028</u>	<u>\$ 47,524,410</u>

Governmental Activities

The City's governmental revenues increased by \$6,263,573 and expenses increased by \$230,344. Property taxes and selective taxes increased approximately \$407,580 and \$290,492, respectively. Operating grants and contributions was the largest increase due to the receipt of ARPA funding from the federal government. The City received \$5,658,307 in ARPA funds. The most significant governmental expenses for the City were general government, public safety and public works expenses. Their expenses, respectively, approximately totaled \$3,589,450, \$4,691,088, and \$1,217,192.

The governmental activities net position increased \$9,016,296. Out of total net position, \$14,022,256 is unrestricted and available for future spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities

Revenue of the City's business-type activities were \$6,668,781 which is an increase of \$482,299 from the prior year. Expenses for the City's business-type activities increased by \$1,102,879 to \$6,094,129. The business-type activities change in net position was \$574,652. Out of total net position, \$4,325,415 is unrestricted and available for future spending. Overall, governmental, and business-type activities increased the City's net position by \$9,497,618 for the year ended June 30, 2022. A summary of this increase is as follows:

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 2,365,553	\$ 2,297,279	\$ 6,425,232	\$ 6,032,995	\$ 8,790,785	\$ 8,330,274
Operating grants and contributions	5,869,862	970,834	-	-	5,869,862	970,834
Capital grants and contributions	2,467,068	1,896,929	222,718	133,359	2,689,786	2,030,288
General revenues:						
Property taxes	3,073,669	2,666,089	-	-	3,073,669	2,666,089
Sales taxes	317,943	309,272	-	-	317,943	309,272
Selective taxes	5,334,529	5,044,037	-	-	5,334,529	5,044,037
Franchise and business taxes	563,080	558,177	-	-	563,080	558,177
Unrestricted investment earnings	24,540	10,054	20,831	20,128	45,371	30,182
Total revenues	<u>20,016,244</u>	<u>13,752,671</u>	<u>6,668,781</u>	<u>6,186,482</u>	<u>26,685,025</u>	<u>19,939,153</u>
Expenses						
General government	3,589,450	3,572,741	-	-	3,589,450	3,572,741
Judicial	285,419	273,821	-	-	285,419	273,821
Public safety	4,691,088	3,755,040	-	-	4,691,088	3,755,040
Public works	1,217,192	2,483,851	-	-	1,217,192	2,483,851
Culture and recreation	679,926	508,587	-	-	679,926	508,587
Housing and development	626,509	268,894	-	-	626,509	268,894
Debt service	3,694	-	-	-	3,694	-
Business-type	-	-	6,094,129	4,991,250	6,094,129	4,991,250
Total expenses	<u>11,093,278</u>	<u>10,862,934</u>	<u>6,094,129</u>	<u>4,991,250</u>	<u>17,187,407</u>	<u>15,854,184</u>
Increase in net position before transfers	<u>8,922,966</u>	<u>2,889,737</u>	<u>574,652</u>	<u>1,195,232</u>	<u>9,497,618</u>	<u>4,084,969</u>
Transfers	<u>93,330</u>	<u>-</u>	<u>(93,330)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>9,016,296</u>	<u>2,889,737</u>	<u>481,322</u>	<u>1,195,232</u>	<u>9,497,618</u>	<u>4,084,969</u>
Net position, beginning of year	<u>35,539,442</u>	<u>32,649,705</u>	<u>11,984,968</u>	<u>10,789,736</u>	<u>47,524,410</u>	<u>43,439,441</u>
Net position, end of year	<u>\$ 44,555,738</u>	<u>\$ 35,539,442</u>	<u>\$ 12,466,290</u>	<u>\$ 11,984,968</u>	<u>\$ 57,022,028</u>	<u>\$ 47,524,410</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the City had \$56,383,521 (net of accumulated depreciation) being reported as capital assets. This investment in capital assets includes police and fire equipment, buildings, park facilities, roads and utility system upgrades. Major capital asset additions during the year included improvements and expansion of the City's sewer lines, and equipment and vehicles purchased for various city departments. More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 3,507,137	\$ 3,264,897	\$ 598,300	\$ 366,995	\$ 4,105,437	\$ 3,631,892
Construction in progress	76,123	1,037,754	24,253,391	22,938,573	24,329,514	23,976,327
Buildings and improvements	8,341,506	8,185,676	-	-	8,341,506	8,185,676
Vehicles and utility systems	7,259,862	6,980,110	1,903,760	1,563,581	9,163,622	8,543,691
Infrastructure	30,657,212	28,056,673	13,260,905	12,585,048	43,918,117	40,641,721
	<u>49,841,840</u>	<u>47,525,110</u>	<u>40,016,356</u>	<u>37,454,197</u>	<u>89,858,196</u>	<u>84,979,307</u>
Accumulated depreciation	<u>(24,474,484)</u>	<u>(23,237,172)</u>	<u>(9,000,191)</u>	<u>(8,504,163)</u>	<u>(33,474,675)</u>	<u>(31,741,335)</u>
Total	<u>\$ 25,367,356</u>	<u>\$ 24,287,938</u>	<u>\$ 31,016,165</u>	<u>\$ 28,950,034</u>	<u>\$ 56,383,521</u>	<u>\$ 53,237,972</u>

Long-Term Liabilities

A majority of the City's long-term obligations were secured to fund its investments in capital assets. Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Notes 5 and 6 to the financial statements.

General Fund Budgetary Highlights

The final budgeted operating revenues increased by \$924,622, or approximately 9% from the original budget because of increased funding from Local Option Sales Tax ("LOST") and Title Ad Valorem Tax ("TAVT"). The final budgeted operating expenditures increased by \$924,622, or approximately 9% primarily due to increased personnel costs during the City's response to COVID-19.

Every year, the City's overall goal is to provide essential services to our citizens as cost effectively and professionally as possible. The Mayor and the City Council members work diligently to prepare for the future while ensuring that current processes work as efficiently as possible and continue to seek improvement. The City's governing body shows great diligence in creating a sound budget. For the year, actual revenues and expenditures were comparable with budgeted amounts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budget and Rates

The Mayor, City Council members and their appointed officials have continued to aggressively address the current and future needs of the City. The City's elected and appointed officials consider many factors when setting the fiscal year 2021-2022 budget: property tax rates, expected sales tax and insurance premium tax, and various fees that will be collected. One of the factors is the economy. Although Grovetown, Georgia is a small city, the local economy remains strong. The City's growth has been fueled by new residential development over the past several years. Along with the residential growth, the City has attracted several commercial developments.

Requests for information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be addressed to the Finance Director, P.O. Box 120, Grovetown, Georgia 30813.

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF NET POSITION
JUNE 30, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Cash and cash equivalents	\$ 14,408,496	\$ 4,297,173	\$ 18,705,669
Investments	1,934,951	147,236	2,082,187
Taxes receivable	20,647	-	20,647
Accounts receivable	141,796	566,244	708,040
Due from other governments	3,485,931	-	3,485,931
Internal balances	211,541	(211,541)	-
Prepaid expenses	282,329	116,068	398,397
Restricted assets:			
Cash and cash equivalents	-	2,692,312	2,692,312
Capital assets:			
Right-to- use leased asset, net of amortization	315,853	-	315,853
Nondepreciable	3,583,260	24,851,691	28,434,951
Depreciable, net of accumulated depreciation	21,784,096	6,164,474	27,948,570
Net pension asset	48,117	11,910	60,027
Total assets	<u>46,217,017</u>	<u>38,635,567</u>	<u>84,852,584</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	<u>434,329</u>	<u>55,299</u>	<u>489,628</u>
LIABILITIES			
Accounts payable	579,341	234,078	813,419
Accrued liabilities	240,619	129,448	370,067
Retainage payable	-	42,667	42,667
Customer deposits payable	-	31,475	31,475
Lease liability due within one year	66,426	-	66,426
Lease liability due in more than one year	250,182	-	250,182
Notes payable due within one year	-	171,114	171,114
Notes payable due in more than one year	-	25,353,821	25,353,821
Compensated absences due within one year	145,853	8,087	153,940
Compensated absences due in more than one year	71,551	35,712	107,263
Total liabilities	<u>1,353,972</u>	<u>26,006,402</u>	<u>27,360,374</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	<u>741,636</u>	<u>218,174</u>	<u>959,810</u>
NET POSITION			
Net investment in capital assets	25,050,748	5,448,563	30,499,311
Restricted for debt service	-	2,692,312	2,692,312
Restricted for public safety	31,018	-	31,018
Restricted for capital projects	5,451,716	-	5,451,716
Unrestricted	14,022,256	4,325,415	18,347,671
Total net position	<u>\$ 44,555,738</u>	<u>\$ 12,466,290</u>	<u>\$ 57,022,028</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 3,589,450	\$ 1,845,038	\$ 5,658,308	\$ -	\$ 3,913,896	\$ -	\$ 3,913,896
Judicial	285,419	-	-	-	(285,419)	-	(285,419)
Public safety	4,691,088	318,125	211,554	-	(4,161,409)	-	(4,161,409)
Public works	1,217,192	153,308	-	2,467,068	1,403,184	-	1,403,184
Parks and recreation	679,926	49,082	-	-	(630,844)	-	(630,844)
Economic development	626,509	-	-	-	(626,509)	-	(626,509)
Interest on long-term debt	3,694	-	-	-	(3,694)	-	(3,694)
Total governmental activities	<u>11,093,278</u>	<u>2,365,553</u>	<u>5,869,862</u>	<u>2,467,068</u>	<u>(390,795)</u>	<u>-</u>	<u>(390,795)</u>
Business-type activities:							
Water and sewer	5,802,953	6,046,253	-	222,718	-	466,018	466,018
Stormwater	291,176	378,979	-	-	-	87,803	87,803
Total business-type activities	<u>6,094,129</u>	<u>6,425,232</u>	<u>-</u>	<u>222,718</u>	<u>-</u>	<u>553,821</u>	<u>553,821</u>
Total primary government	<u>\$ 17,187,407</u>	<u>\$ 8,790,785</u>	<u>\$ 5,869,862</u>	<u>\$ 2,689,786</u>	<u>(390,795)</u>	<u>553,821</u>	<u>163,026</u>
General revenues:							
Property taxes					3,073,669	-	3,073,669
Sales taxes					317,943	-	317,943
Insurance premium tax					931,344	-	931,344
Alcoholic beverage taxes					615,180	-	615,180
Other taxes					3,788,005	-	3,788,005
Franchise taxes					563,080	-	563,080
Unrestricted investment earnings					24,540	20,831	45,371
Transfers					93,330	(93,330)	-
Total general revenues and transfers					<u>9,407,091</u>	<u>(72,499)</u>	<u>9,334,592</u>
Change in net position					<u>9,016,296</u>	<u>481,322</u>	<u>9,497,618</u>
Net position, beginning of year					<u>35,539,442</u>	<u>11,984,968</u>	<u>47,524,410</u>
Net position, end of year					<u>\$ 44,555,738</u>	<u>\$ 12,466,290</u>	<u>\$ 57,022,028</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GROVETOWN, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	ARPA Fund	SPLOST 2017-2022 Fund	Nonmajor Governmental Funds	Totals Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,229,367	\$ 2,829,154	\$ 4,502,532	\$ 847,443	\$ 14,408,496
Investments	1,934,951	-	-	-	1,934,951
Taxes receivable	20,647	-	-	-	20,647
Accounts receivable	141,796	-	-	-	141,796
Due from other governments	331,557	2,829,154	301,433	23,787	3,485,931
Due from other funds	6,059,415	-	-	-	6,059,415
Prepaid expenditures	282,329	-	-	-	282,329
Total assets	<u>\$ 15,000,062</u>	<u>\$ 5,658,308</u>	<u>\$ 4,803,965</u>	<u>\$ 871,230</u>	<u>\$ 26,333,565</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 576,446	\$ -	\$ 2,895	\$ -	\$ 579,341
Accrued liabilities	240,619	-	-	-	240,619
Due to other funds	-	5,658,308	189,566	-	5,847,874
Total liabilities	<u>817,065</u>	<u>5,658,308</u>	<u>192,461</u>	<u>-</u>	<u>6,667,834</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	7,336	-	-	-	7,336
Total deferred inflows of resources	<u>7,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,336</u>
FUND BALANCES					
Nonspendable:					
Prepaid expenditures	282,329	-	-	-	282,329
Restricted for:					
Public safety	-	-	-	31,018	31,018
Capital projects	-	-	4,611,504	840,212	5,451,716
Unassigned:	13,893,332	-	-	-	13,893,332
Total fund balances	<u>14,175,661</u>	<u>-</u>	<u>4,611,504</u>	<u>871,230</u>	<u>19,658,395</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,000,062</u>	<u>\$ 5,658,308</u>	<u>\$ 4,803,965</u>	<u>\$ 871,230</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,683,209
Pension related deferred inflows and outflows are not reported in the funds.	(307,307)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	
Compenstaed absences	(217,404)
Lease payable	(316,608)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	7,336
Net pension asset is not due and payable in the current period and, therefore, is not reported in the funds.	48,117
Net position of governmental activities	<u>\$ 44,555,738</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund	ARPA Fund	SPLOST 2017-2022 Fund	Nonmajor Governmental Funds	Totals Governmental Funds
Revenues					
Property taxes	\$ 4,292,073	\$ -	\$ -	\$ -	\$ 4,292,073
Other taxes	4,719,349	-	-	-	4,719,349
Charges for services	1,637,056	-	-	-	1,637,056
Licenses and permits	460,911	-	-	-	460,911
Intergovernmental	211,554	5,658,308	2,370,743	301,911	8,542,516
Fines and forfeitures	241,457	-	-	-	241,457
Interest revenue	22,463	-	10,713	2,078	35,254
Other revenues	85,612	-	-	-	85,612
Total revenues	11,670,475	5,658,308	2,381,456	303,989	20,014,228
Expenditures					
Current:					
General government	3,655,274	77,885	-	-	3,733,159
Judicial	288,681	-	-	-	288,681
Public safety	3,724,939	-	-	21,642	3,746,581
Public works	2,524,186	-	-	-	2,524,186
Culture and recreation	811,453	-	-	-	811,453
Housing and economic development	626,509	-	-	-	626,509
Capital outlay	-	-	813,996	20,130	834,126
Debt service:					
Principal	75,025	-	-	-	75,025
Interest	3,694	-	-	-	3,694
Total expenditures	11,709,761	77,885	813,996	41,772	12,643,414
Excess (deficiency) of revenues over (under) expenditures	<u>(39,286)</u>	<u>5,580,423</u>	<u>1,567,460</u>	<u>262,217</u>	<u>7,370,814</u>
Other financing sources (uses)					
Transfers in	5,673,753	-	-	-	5,673,753
Transfers out	-	(5,580,423)	-	-	(5,580,423)
Proceeds from lease	391,633	-	-	-	391,633
Total other financing sources (uses)	6,065,386	(5,580,423)	-	-	484,963
Net change in fund balances	6,026,100	-	1,567,460	262,217	7,855,777
Fund balances, beginning of year	8,149,561	-	3,044,044	609,013	11,802,618
Fund balances, end of year	\$ 14,175,661	\$ -	\$ 4,611,504	\$ 871,230	\$ 19,658,395

The accompanying notes are an integral part of these financial statements.

CITY OF GROVETOWN, 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 JUNE 30, 2022**

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

Net change in fund balances - total governmental funds	\$	7,855,777
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital asset additions	\$ 2,739,313	
Right-to-use leased asset additions	391,633	
Amortization expense	(75,780)	
Depreciation expense	<u>(1,642,609)</u>	1,412,557
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations) is to decrease net position.</p>		
		(17,286)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		2,016
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the payment on capital leases payable.</p>		
Issuance of lease liabilities	\$ (391,633)	
Repayment of principal on long-term debt	<u>75,025</u>	(316,608)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The following amounts represent the net liability changes using the full accrual method of accounting:</p>		
Compensated absences	\$ (43,321)	
Net pension liability and related deferred inflows and outflows	<u>123,161</u>	<u>79,840</u>
Change in net position - governmental activities		<u>\$ 9,016,296</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 4,348,000	\$ 4,698,000	\$ 4,292,073	\$ (405,927)
Other taxes	4,218,500	4,618,500	4,719,349	100,849
Charges for services	1,309,000	1,475,000	1,637,056	162,056
Licenses and permits	290,000	290,000	460,911	170,911
Intergovernmental	165,000	211,000	211,554	554
Fines and forfeitures	460,000	460,000	241,457	(218,543)
Interest revenue	65,000	27,622	22,463	(5,159)
Other revenues	-	-	85,612	85,612
Total revenues	<u>10,855,500</u>	<u>11,780,122</u>	<u>11,670,475</u>	<u>(109,647)</u>
Current				
General government:				
Administration	3,613,027	3,890,787	3,655,274	235,513
Total general government	<u>3,613,027</u>	<u>3,890,787</u>	<u>3,655,274</u>	<u>235,513</u>
Judicial:				
Municipal court	266,678	275,178	288,681	(13,503)
Total judicial	<u>266,678</u>	<u>275,178</u>	<u>288,681</u>	<u>(13,503)</u>
Public safety:				
Police	2,052,663	1,821,663	2,172,410	(350,747)
Fire	1,327,043	1,538,043	1,552,529	(14,486)
Total public safety	<u>3,379,706</u>	<u>3,359,706</u>	<u>3,724,939</u>	<u>(365,233)</u>
Public works:				
Administration	2,405,322	2,796,622	2,524,186	272,436
Total public works	<u>2,405,322</u>	<u>2,796,622</u>	<u>2,524,186</u>	<u>272,436</u>
Housing and economic development:				
Administration	591,922	653,984	626,509	27,475
Total housing and economic development	<u>591,922</u>	<u>653,984</u>	<u>626,509</u>	<u>27,475</u>
Culture and recreation:				
Administration	608,845	813,845	811,453	2,392
Total culture and recreation	<u>608,845</u>	<u>813,845</u>	<u>811,453</u>	<u>2,392</u>
Total expenditures	<u>10,865,500</u>	<u>11,790,122</u>	<u>11,631,042</u>	<u>159,080</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>39,433</u>	<u>29,433</u>
Other financing sources				
Transfers in	-	-	5,673,753	5,673,753
Proceeds from capital lease	-	-	391,633	391,633
Proceeds from the sale of capital assets	10,000	10,000	-	(10,000)
Total other financing sources	<u>10,000</u>	<u>10,000</u>	<u>6,065,386</u>	<u>6,055,386</u>
Debt service	<u>-</u>	<u>-</u>	<u>78,719</u>	<u>78,719</u>
Net change in fund balances	-	-	6,026,100	6,163,538
Fund balances, beginning of year	<u>8,149,561</u>	<u>8,149,561</u>	<u>8,149,561</u>	<u>-</u>
Fund balances, end of year	<u>\$ 8,149,561</u>	<u>\$ 8,149,561</u>	<u>\$ 14,175,661</u>	<u>\$ 6,163,538</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ARPA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 5,658,308	\$ 5,658,308
Total revenues	<u>-</u>	<u>-</u>	<u>5,658,308</u>	<u>5,658,308</u>
Current				
General government:				
Administration	-	-	77,885	(77,885)
Total general government	<u>-</u>	<u>-</u>	<u>77,885</u>	<u>(77,885)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>77,885</u>	<u>(77,885)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>5,580,423</u>	<u>5,580,423</u>
Other financing sources				
Transfers out	-	-	(5,580,423)	(5,580,423)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(5,580,423)</u>	<u>(5,580,423)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	<u>Water and Sewer Fund</u>	<u>Nonmajor Stormwater Fund</u>	<u>Totals</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,854,694	\$ 442,479	\$ 4,297,173
Investments	147,236	-	147,236
Prepaid expenses	116,013	55	116,068
Accounts receivable	494,687	71,557	566,244
Due from other funds	206,421	-	206,421
Total current assets	<u>4,819,051</u>	<u>514,091</u>	<u>5,333,142</u>
NON-CURRENT ASSETS			
Net pension assets	11,910	-	11,910
Restricted cash	2,692,312	-	2,692,312
Capital assets - nondepreciable	24,851,691	-	24,851,691
Capital assets - depreciable, net	6,146,187	18,287	6,164,474
Total non-current assets	<u>33,702,100</u>	<u>18,287</u>	<u>33,720,387</u>
Total assets	<u>38,521,151</u>	<u>532,378</u>	<u>39,053,529</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	55,299	-	55,299
Total deferred outflows of resources	<u>55,299</u>	<u>-</u>	<u>55,299</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	214,691	19,387	234,078
Retainage payable	42,667	-	42,667
Accrued liabilities	123,580	5,868	129,448
Customer deposits payable	31,475	-	31,475
Due to other funds	209,444	208,518	417,962
Notes payable due within one year	171,114	-	171,114
Compensated absences due within one year	5,646	2,441	8,087
Total current liabilities	<u>798,617</u>	<u>236,214</u>	<u>1,034,831</u>
NON-CURRENT LIABILITIES			
Notes payable due in more than one year	25,353,821	-	25,353,821
Compensated absences due in more than one year	32,492	3,220	35,712
Total non-current liabilities	<u>25,386,313</u>	<u>3,220</u>	<u>25,389,533</u>
Total liabilities	<u>26,184,930</u>	<u>239,434</u>	<u>26,424,364</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	218,174	-	218,174
Total deferred inflows of resources	<u>218,174</u>	<u>-</u>	<u>218,174</u>
NET POSITION			
Net investment in capital assets	5,430,276	18,287	5,448,563
Restricted for debt service	2,692,312	-	2,692,312
Unrestricted	4,050,758	274,657	4,325,415
Total net position	<u>\$ 12,173,346</u>	<u>\$ 292,944</u>	<u>\$ 12,466,290</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Water and Sewer Fund	Nonmajor Stormwater Fund	Totals
OPERATING REVENUES			
Water sales	\$ 2,328,544	\$ -	\$ 2,328,544
Sewer sales	1,814,218	-	1,814,218
Water and wastewater tap fees	330,562	-	330,562
Stormwater fees	-	378,979	378,979
Late Fees	151,652	-	151,652
Other	1,421,277	-	1,421,277
Total operating revenues	<u>6,046,253</u>	<u>378,979</u>	<u>6,425,232</u>
OPERATING EXPENSES			
Personnel services	1,351,517	110,226	1,461,743
Professional fees	278,778	53,703	332,481
Technical services	113,753	-	113,753
Testing and training	38,231	2,495	40,726
Vehicle expense	95,328	62,421	157,749
Insurance and pension costs	460,733	33,471	494,204
Utilities	157,743	-	157,743
Maintenance and repairs	423,434	-	423,434
Postage and supplies	214,412	18,719	233,131
Miscellaneous	191,510	467	191,977
County water and sewerage	1,244,792	-	1,244,792
Small equipment	50,045	-	50,045
Depreciation	515,157	9,674	524,831
Total operating expenses	<u>5,135,433</u>	<u>291,176</u>	<u>5,426,609</u>
Operating income	910,820	87,803	998,623
NON-OPERATING REVENUES (EXPENSES)			
Interest expense	(667,520)	-	(667,520)
Interest revenue	20,011	820	20,831
Total non-operating revenues (expenses)	<u>(647,509)</u>	<u>820</u>	<u>(646,689)</u>
Income before capital contributions and transfers	263,311	88,623	351,934
CAPITAL CONTRIBUTIONS			
	<u>222,718</u>	<u>-</u>	<u>222,718</u>
TRANSFERS			
Transfers in	-	25,000	25,000
Transfers out	(118,330)	-	(118,330)
Total transfers	<u>(118,330)</u>	<u>25,000</u>	<u>(93,330)</u>
Change in net position	367,699	113,623	481,322
NET POSITION, beginning of year	<u>11,805,647</u>	<u>179,321</u>	<u>11,984,968</u>
NET POSITION, end of year	<u>\$ 12,173,346</u>	<u>\$ 292,944</u>	<u>\$ 12,466,290</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Water and Sewer Fund</u>	<u>Nonmajor Stormwater Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 6,042,434	\$ 449,325	\$ 6,491,759
Payments to suppliers	(3,216,452)	(250,277)	(3,466,729)
Payments to employees	(1,365,790)	(110,485)	(1,476,275)
Net cash provided by operating activities	<u>1,460,192</u>	<u>88,563</u>	<u>1,548,755</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	(118,330)	25,000	(93,330)
Net cash provided by (used in) noncapital financing activities	<u>(118,330)</u>	<u>25,000</u>	<u>(93,330)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(2,356,725)	(12,391)	(2,369,116)
Proceeds from notes payable	1,955,909	-	1,955,909
Principal paid on bonds and notes	(168,003)	-	(168,003)
Interest paid	(667,518)	-	(667,518)
Net cash used in capital and related financing activities	<u>(1,236,337)</u>	<u>(12,391)</u>	<u>(1,248,728)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	20,011	820	20,831
Net cash provided by investing activities	<u>20,011</u>	<u>820</u>	<u>20,831</u>
Change in cash and cash equivalents	125,536	101,992	227,528
Cash and cash equivalents:			
Beginning of year	<u>6,421,470</u>	<u>340,487</u>	<u>6,761,957</u>
End of year	<u>\$ 6,547,006</u>	<u>\$ 442,479</u>	<u>\$ 6,989,485</u>
Classified as:			
Cash and cash equivalents	\$ 3,854,694	\$ 442,479	\$ 4,297,173
Restricted assets, cash	2,692,312	-	2,692,312
	<u>\$ 6,547,006</u>	<u>\$ 442,479</u>	<u>\$ 6,989,485</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 910,820	\$ 87,803	\$ 998,623
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	515,157	9,674	524,831
Changes in assets and liabilities:			
Increase in accounts receivable	(28,244)	(1,935)	(30,179)
Decrease (Increase) in prepaid expense	(19,579)	1,661	(17,918)
Decrease in due from other funds	95,620	-	95,620
Decrease in deferred outflows of resources - pension	48,678	-	48,678
Increase in accounts payable	94,342	14,140	108,482
Increase in accrued liabilities	33,123	-	33,123
Decrease in retainage payable	(22,456)	-	(22,456)
Increase (decrease) in compensated absences	9,684	(259)	9,425
Decrease in net pension liability	(176,743)	-	(176,743)
Increase (decrease) in customer deposits	(575)	2,479	1,904
Decrease in due to other funds	(70,620)	(25,000)	(95,620)
Increase in deferred inflows of resources - pension	70,985	-	70,985
Net cash provided by operating activities	<u>\$ 1,460,192</u>	<u>\$ 88,563</u>	<u>\$ 1,548,755</u>
Non-cash investing, capital, and financing activities:			
Capital contributions	<u>\$ 222,718</u>	<u>\$ -</u>	<u>\$ 222,718</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GROVETOWN, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Grovetown, Georgia (the “City”) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America (“GAAP”) applicable to state and local governments.

A. Financial Reporting Entity – Basis of Presentation

Primary Government – The City was created in 1881. The City provides public safety, streets and highways, public improvements, culture and recreation, planning and development, and general and administrative services to its citizens. The accompanying financial statements present the City’s primary government, for which the City is financially accountable. Additionally, the City is not financially accountable for any component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide financial statements report information on all the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund financial statements, if applicable. Governmental activities are supported mainly by taxes and intergovernmental revenues.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, and 2) grants and contributions that are restricted to meeting the operational capital requirements of a function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Each major fund is reported in separate columns in the fund financial statements. The combined amounts for these are reflected in a single column in the fund balance sheet and the fund statement of revenues, expenditures and changes in fund balance.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund level 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 collected within the current fiscal period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Major revenue sources that are susceptible to accrual are property taxes, sales taxes, insurance premium taxes, and intergovernmental revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, post-employment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public works, streets, recreation and capital acquisitions.

The **American Rescue Plan Act (“ARPA”) Fund** is used to account for monies received from the U.S Department of Treasury for grant activity.

The **Special Purpose Local Option Sales Tax (“SPLOST”) 2017-2022 Fund** is used to account for monies received from intergovernmental revenues (i.e., special purpose local option sales taxes) for various City projects.

Proprietary Fund financial statements are used to account for activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and cash flows.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds are accounted for using the accrual basis of accounting as follows:

Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e., charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide the goods or services. Non-operating revenues and expenses are items such as investment income and interest expenses that are not a result of the direct operations of the activity.

The City reports the following major proprietary fund:

The **Water and Sewer Fund** is used to account for water and sewer operations as well as construction and maintenance of water and sewerage projects.

Additionally, the City reports the following fund types:

The **Special Revenue Funds** account for revenue sources that are legally restricted to expenditures for specific purposes.

The **Capital Projects Fund** accounts for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

The **Stormwater Fund** accounts for City's stormwater operations and related capital projects.

D. Cash, Cash Equivalents and Investments

The City'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. State statutes and the City's official investment policy authorize the City to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, bankers' acceptances, money market mutual funds and direct obligations of the State of Georgia.

The City records investments at fair market value in accordance with GAAP. All investment income is recognized as revenue in the appropriate fund's statement of activity of revenues, expenditures and changes in fund balance.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables

Property tax receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible accounts.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met. Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

F. Deferred Outflows/Inflows of Resources

Governmental Accounting Standards Board ("GASB") Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *P*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category that relate to the City's defined benefit pension plan and are consumptions of net position that apply to future periods. The three items are the changes in assumptions, experience differences, and the City's contributions subsequent to the measurement date. As such, they will be recognized as expenses/expenditures when consumed.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance 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 four types of items which qualify for reporting in this category, one of which only arises under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and business licenses and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deferred Outflows/Inflows of Resources (Continued)

The other three items relate to the City's defined benefit pension plan and are the changes in assumptions, investment earnings differences, and experience differences.

G. Prepaid Expenses

Expenditures for insurance and similar services extending over more than one accounting period are allocated between accounting periods. Reported prepaid expenses are equally offset by a nonspendable fund balance reserve.

H. Capital Assets

Capital assets and right to use leased assets, which include land, buildings and infrastructure assets (e.g., roads and bridges), are reported in the government-wide financial statements. Capital assets such as vehicles, furniture and equipment are defined as assets with a cost of \$5,000 or more. Computers and weapons, regardless of cost, are included as capital assets. Infrastructure assets include City-owned roads, curbs, sidewalks and drainage. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets, except for infrastructure, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40 – 50
Improvements	10 – 40
Infrastructure	25 – 50
Utility systems	25 – 50
Furniture and fixtures	5 – 7
General equipment	5 – 10
Right-to-use leased equipment	5 – 10
Vehicles	4 – 7
Right-to-use leased vehicles	4 – 7
Computer hardware	3 – 5

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Leases

Lessee

The City is a lessee for noncancellable leases of equipment and vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences and Post-Retirement Benefits

The vacation policy of the City provides for the accumulation of up to a certain amount of earned vacation leave with such leave being fully vested when earned. For the City's government-wide financial statements and proprietary fund financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded when leave is earned.

The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. No accrual has been established for accumulated sick leave of employees since it is the City's policy to record the cost of sick leave only when it is used.

K. Long-term Obligations

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

L. Unemployment Compensation Benefits

The City is the reimbursing employer for unemployment compensation benefits. Reimbursements are made based on regular billings received from the Georgia Unemployment Commission.

M. Fund Equity

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

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances are classified as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission through the adoption of a resolution. Only the City Commission may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Through resolution, the City Commission has authorized the City's Chief Financial Officer, Finance Director, or Director of Administrative Services to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

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: 1) committed, 2) assigned, and 3) unassigned.

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

N. Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Stewardship, Compliance and Accountability Budgetary Information

During the year preceding the budget year, the City follows the below administrative and fiscal procedures in establishing the budgetary data reflected in the accompanying financial statements of the General Fund:

In March, the City Administrator and other department heads prepare a tentative budget to be given to the Mayor for review. After the review is completed, the City publishes notice of a public hearing on the proposed budget. The hearing is held a week from the date the notice is published. After the public hearing has been held, the budget is voted on and approved at the first City Council meeting in June. Changes in and amendments to the adopted budget are approved during the year, if reserves are available to fund these modifications.

The statement of revenues, expenditures and changes in fund balances, budget and actual, for the General Fund, presents a comparison of the legally adopted budget with actual operating results on a budgetary basis. The City's budget is prepared using GAAP. Encumbrance accounting, under which purchase orders and contracts are recorded to reserve that portion of the applicable appropriation, is not used by the City.

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Total deposits and investments as of June 30, 2022 are summarized as follows:

Amounts as presented on the entity wide statement of net position:

Cash and cash equivalents	\$ 18,705,669
Investments	2,082,187
Restricted cash and cash equivalents	2,692,312
Total	<u>\$ 23,480,168</u>
Cash deposited with financial institutions	\$ 21,397,981
Certificates of deposit	2,082,187
Total	<u>\$ 23,480,168</u>

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or 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; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the City's policy to limit its investments to those allowed and authorized by state law.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (CONTINUED)

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

At June 30, 2022, the City had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	Various	\$ 2,082,187

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The certificates of deposit is an investment which does not meet the criteria of GASB No. 72. As a result, the City does not disclose the certificates of deposits within the fair value hierarchy.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2022, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES

Property tax receivables – The Columbia County Tax Commissioner bills and collects property taxes, then remits the City its respective share of property taxes. Property taxes for 2021 were levied on August 16, 2021 and were due November 15, 2021. Thirty (30) days after the due date, the unpaid taxes became a lien. Unpaid property taxes received within 60 days of the year-end are recognized and recorded as revenue.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied prior to November 15, and are delinquent after that date.

Intergovernmental receivables – The City receives approximately 11% of a 1% local option sales tax on all retail sales within the City. The proceeds of such tax collected each year are used to reduce, on a dollar for dollar basis, the millage equivalent amount of property taxes to be levied in the subsequent year. Local option sales tax received during the year ended June 30, 2022 amounted to \$3,627,808.

The City also receives approximately 5.8% of 1% SPLOST funds to be used as designated and approved after public hearings. The approved expenditures are generally for capital projects in the City. The SPLOST 2017-2022 Fund received \$2,370,743 during the year ended June 30, 2022.

Receivables as of year-end for the governmental activities and business type activities, individual major governmental funds, including the applicable allowances for uncollectible accounts, as required by GAAP are as follows:

	<u>General</u>	<u>ARPA</u>	<u>SPLOST 2017-2022</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Nonmajor Stormwater</u>	<u>Total</u>
Receivables:							
Taxes	\$ 20,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,647
Accounts	147,141	-	-	-	506,315	97,313	750,769
Due from other governments	331,557	2,829,154	301,433	23,787	-	-	3,485,931
Gross receivables	499,345	2,829,154	301,433	23,787	506,315	97,313	4,257,347
Less: allowance	(5,345)	-	-	-	(11,628)	(25,756)	(42,729)
Total receivables	<u>\$ 494,000</u>	<u>\$ 2,829,154</u>	<u>\$ 301,433</u>	<u>\$ 23,787</u>	<u>\$ 494,687</u>	<u>\$ 71,557</u>	<u>\$ 4,214,618</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Changes in capital assets for governmental activities are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,264,897	\$ 242,240	\$ -	\$ -	\$ 3,507,137
Construction in process	1,037,754	63,446	-	(1,025,077)	76,123
Total capital assets, not being depreciated	<u>4,302,651</u>	<u>305,686</u>	<u>-</u>	<u>(1,025,077)</u>	<u>3,583,260</u>
Capital assets, being depreciated:					
Infrastructure	28,056,673	1,638,595	-	961,944	30,657,212
Buildings and improvements	8,185,676	92,697	-	63,133	8,341,506
Vehicles and equipment	6,811,840	702,335	(422,583)	-	7,091,592
Utility systems	168,270	-	-	-	168,270
Total capital assets, being depreciated	<u>43,222,459</u>	<u>2,433,627</u>	<u>(422,583)</u>	<u>1,025,077</u>	<u>46,258,580</u>
Less accumulated depreciation for:					
Infrastructure	(15,512,228)	(824,226)	-	-	(16,336,454)
Buildings and improvements	(3,069,878)	(233,159)	-	-	(3,303,037)
Vehicles and equipment	(4,634,981)	(581,065)	405,297	-	(4,810,749)
Utility systems	(20,085)	(4,159)	-	-	(24,244)
Total accumulated depreciation	<u>(23,237,172)</u>	<u>(1,642,609)</u>	<u>405,297</u>	<u>-</u>	<u>(24,474,484)</u>
Total capital assets, being depreciated, net	<u>19,985,287</u>	<u>791,018</u>	<u>(17,286)</u>	<u>1,025,077</u>	<u>21,784,096</u>
Lease assets, net					<u>315,853</u>
Governmental activities capital assets, net	<u>\$ 24,287,938</u>	<u>\$ 1,096,704</u>	<u>\$ (17,286)</u>	<u>\$ -</u>	<u>\$ 25,683,209</u>

Depreciation expense for the year ended June 30, 2022 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 119,721
Public safety	430,822
Public works	879,831
Recreation	212,235
Total depreciation expense - governmental activities	<u>\$ 1,642,609</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for business-type activities are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 366,995	\$ 231,305	\$ -	\$ -	\$ 598,300
Construction in process	22,938,573	1,990,675	-	(675,857)	24,253,391
Total capital assets, not being depreciated	<u>23,305,568</u>	<u>2,221,980</u>	<u>-</u>	<u>(675,857)</u>	<u>24,851,691</u>
Capital assets, being depreciated:					
Vehicles	587,630	186,862	(29,675)	-	744,817
Machinery and equipment	975,951	182,992	-	-	1,158,943
Utility systems	12,585,048	-	-	675,857	13,260,905
Total capital assets, being depreciated	<u>14,148,629</u>	<u>369,854</u>	<u>(29,675)</u>	<u>675,857</u>	<u>15,164,665</u>
Less accumulated depreciation for:					
Vehicles	(332,751)	(344,129)	29,675	-	(647,205)
Machinery and equipment	(546,199)	(83,780)	-	-	(629,979)
Utility systems	(7,625,213)	(97,794)	-	-	(7,723,007)
Total accumulated depreciation	<u>(8,504,163)</u>	<u>(525,703)</u>	<u>29,675</u>	<u>-</u>	<u>(9,000,191)</u>
Total capital assets, being depreciated, net	<u>5,644,466</u>	<u>(155,849)</u>	<u>-</u>	<u>675,857</u>	<u>6,164,474</u>
Business-type activities capital assets, net	<u>\$ 28,950,034</u>	<u>\$ 2,066,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,016,165</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LEASES

A summary of lease asset activity for the City for the year ended June 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental activities:					
Lease assets:					
Vehicles and equipment	\$ -	\$ 391,633	\$ -	\$ -	\$ 391,633
Total	<u>-</u>	<u>391,633</u>	<u>-</u>	<u>-</u>	<u>391,633</u>
Less accumulated depreciation for:					
Vehicles and equipment	-	(75,780)	-	-	(75,780)
Total accumulated depreciation	<u>-</u>	<u>(75,780)</u>	<u>-</u>	<u>-</u>	<u>(75,780)</u>
Total leased assets, net	<u>-</u>	<u>315,853</u>	<u>-</u>	<u>-</u>	<u>315,853</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ 315,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,853</u>

NOTE 6. LONG-TERM DEBT

Debt under governmental activities consist of the following for the year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 174,083	\$ 167,830	\$ (124,509)	\$ 217,404	\$ 145,853
Lease liability	-	391,633	(75,025)	316,608	66,426
Net pension liability (asset)	659,331	419,287	(1,126,735)	(48,117)	-
Governmental activities Long-term liabilities	<u>\$ 833,414</u>	<u>\$ 978,750</u>	<u>\$ (1,326,269)</u>	<u>\$ 485,895</u>	<u>\$ 212,279</u>

In December 2021, the City entered into a five-year lease agreement as lessee for the acquisition and use of police vehicles. An initial lease liability was recorded in the amount of \$144,845. As of June 30, 2022, the value of the lease liability was \$113,011. The City is required to make monthly principal and interest payments in the amount of \$31,834. The lease has an interest rate of 4.95%. The equipment has a five-year estimated useful life and the value of the right-to-use asset as of the end of the current fiscal year was \$115,985 and had accumulated amortization of \$28,860.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

In February 2022, the City entered into a five-year lease agreement as lessee for the acquisition and use of a street sweeper. An initial lease liability was recorded in the amount of \$246,788. As of June 30, 2022, the value of the lease liability was \$203,597. The City is required to make monthly principal and interest payments in the amount of \$46,885. The lease has an interest rate of 1.80%. The equipment has a five-year estimated useful life and the value of the right-to-use asset as of the end of the current fiscal year was \$199,868 and had accumulated amortization of \$46,920.

Principal and interest payments are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 66,426	\$ 12,292	\$ 78,718
2024	69,132	9,587	78,719
2025	71,950	6,768	78,718
2026	96,912	3,831	100,743
2027	12,188	-	12,188
Total	<u>\$ 316,608</u>	<u>\$ 32,478</u>	<u>\$ 349,086</u>

Debt under business-type activities consists of the following for the year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
GEFA note	\$ 904,254	\$ -	\$ (73,708)	\$ 830,546	\$ 75,950
GEFA note - forgiven portion	550,000	-	(50,000)	500,000	50,000
GEFA note - Euchee Creek	375,350	-	(44,295)	331,055	45,164
GEFA note - WWTP	21,907,425	1,955,909	-	23,863,334	-
Compensated absences	34,374	42,222	(32,797)	43,799	8,087
Net pension liability (asset)	164,833	103,782	(280,525)	(11,910)	-
Business-type activities					
Long-term liabilities	<u>\$ 23,936,236</u>	<u>\$ 2,101,913</u>	<u>\$ (481,325)</u>	<u>\$ 25,556,824</u>	<u>\$ 179,201</u>

A summary of notes payable as of June 30, 2022 follows:

In 2009, the City signed a \$2,500,000 note payable contract along with \$1,000,000 principal forgiveness as part of the American Reinvestment Recovery Act. This funding is to help finance the water system improvements. Payments of \$8,319 are made monthly on the \$1,500,000 unforgiven portion with interest. The interest rate is 3.00% per annum and interest expense during the year ended June 30, 2022 was \$25,935.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Principal and interest payments are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 75,950	\$ 23,878	\$ 99,828
2024	78,259	21,569	99,828
2025	80,640	19,187	99,827
2026	83,093	16,735	99,828
2027	85,650	14,207	99,857
2028 – 2032	426,954	33,865	460,819
Total	<u>\$ 830,546</u>	<u>\$ 129,441</u>	<u>\$ 959,987</u>

The notes are expected to be paid with resources of the proprietary funds and thus are reported as liabilities of those funds.

The \$1,000,000 forgiven portion is amortized over the life of the existing note and is considered only as a long-term liability. No interest is accrued. Principal forgiveness is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 50,000	-	\$ 50,000
2024	50,000	-	50,000
2025	50,000	-	50,000
2026	50,000	-	50,000
2027	50,000	-	50,000
2028 – 2032	250,000	-	250,000
Total	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>

On December 16, 2016, the City signed a loan agreement with the Georgia Environmental Finance Authority (“GEFA”). The agreement allows funding not to exceed \$468,000. The loan became fully disbursed in March of 2018 with payments beginning December 2018. The interest rate is 1.94% per annum. Principal payments totaled \$44,296 and interest expense totaled \$6,889 during the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Principal and interest payments are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 45,164	\$ 6,022	\$ 51,186
2024	46,046	5,138	51,184
2025	46,948	4,237	51,185
2026	47,867	3,318	51,185
2027	48,804	2,381	51,185
2028 and 2029	96,226	1,878	98,104
Total	<u>\$ 331,055</u>	<u>\$ 22,974</u>	<u>\$ 354,029</u>

In 2017, the City signed a \$23,224,100 note payable contract. This funding is to help construct a new wastewater treatment plant. The amount of the note was increased to \$24,537,100 in February of 2020. The interest rate is 2.72% per annum on outstanding principal balance. Interest expense during the year ended June 30, 2022 was \$634,765. Principal payments are to begin upon completion of the water treatment plant. The outstanding principal balance at June 30, 2022 was \$23,863,334.

NOTE 7. INTERFUND RECEIVABLES/TRANSFERS

Interfund receivable and payable balances as of June 30, 2022 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General Fund	Water and Sewer Fund	\$ 209,444
General Fund	Nonmajor Enterprise Fund	2,097
General Fund	SPLOST 2017-2022	189,566
General Fund	ARPA Fund	5,658,308
Water and Sewer Fund	Nonmajor Enterprise Fund	206,421
Total	Total	<u>\$ 6,265,836</u>

Interfund receivables and payables result from timing differences related to charges for services or reimbursable expenses. The City expects to repay these interfund balances within one year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. INTERFUND RECEIVABLES/TRANSFERS (CONTINUED)

Interfund transfers during the year ended June 30, 2022 are as follows:

Transfer in	Transfer out	Total
General Fund	Water and Sewer Fund	\$ 93,330
General Fund	ARPA Fund	5,580,423
Nonmajor Enterprise Fund	Water and Sewer Fund	25,000
		\$ 5,698,753

Transfers are used to: 1) move revenues from the fund that statute or budget requires collecting them to the fund that the statute or budget requires to expend them, and 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8. RISK MANAGEMENT

The City carries property and liability insurance through commercial insurance companies. Annual premiums are based on the amount of coverage and policy deductibles requested by the City.

Risk Pool – 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 has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (“GIRMA”) for property and liability insurance and the Workers’ Compensation Self-Insurance Fund (“WCSIF”), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (“GMA”) administers both risk pools.

As part of their agreement, the City must assist and cooperate in the defense and settlement of claims against the City. The City must furnish full cooperation to the pools' claims adjusters, and any agent or independent contractor of the pools. In addition, the City must report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a fund or funds in which the City participates.

The 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 funds are 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.

As of June 30, 2022, there were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the City's insurance coverage.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

Plan description – The City Council approved the adoption of a retirement plan May 11, 1987 and contributes to the Georgia Municipal Employees Benefit System (“GMEBS”) Pension Plan (the “Plan”), an agent multiple employer defined contribution pension plan that acts as a common investment and administrative agent for cities in the state of Georgia. All full-time City employees are eligible to participate in the Plan after one year of service. Benefits vest after ten years of service. City employees may retire at age 55 under the early retirement provisions if they have completed ten years of service. Normal retirement is at age 65. Benefits are payable for life in an amount of covered compensation plus 2% of Participant Final Average Earnings, multiplied by years of service. The Plan also provides death and disability benefits. These benefit provisions and all other requirements are established by the GMEBS Pension Trust and Adoption Agreement executed by the City. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to GMEBS, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Plan membership – As of January 1, 2022, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	30
Inactive plan members entitled to but not receiving benefits	37
Active plan members	123
Total	<u>190</u>

Contributions – City employees are not required to contribute to the Plan. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The City funds the required minimum contributions. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the actuarially-recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by the Plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, the City’s contribution rate was 4.5% of annual payroll. City contributions to the Plan were \$236,797 for the year ended June 30, 2022.

Net pension asset – The City’s net pension asset was measured as of September 30, 2021, which would make it applicable to the fiscal year beginning July 1, 2021 and ending June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2022.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Actuarial assumptions – The mortality and economic actuarial assumptions used in the January 1, 2022 valuation were approved by the GMEBS Board of Trustees in December 2019 based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019. The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Net investment rate of return	7.375%
Projected salary increases	2.25%
Cost of living adjustment	0.00%

Mortality rates for the valuation period were based on the gender-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. The gender-distinct Pri-2012 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2015 to June 30, 2019. Mortality experience will be reviewed periodically and updated if necessary.

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 weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation. Best estimates are arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 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%
Domestic fixed income	20%	0.40%
Real estate	10%	3.65%
Global fixed income	5%	0.50%
Cash	0%	
Total or weighted arithmetic average	100%	

* Rates shown are net of the 2.25% assumed rate of inflation.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Discount rate – The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to actuarially determine contribution rates assumed that City contributions will be made at rates equal to the actuarial determined 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 the projected benefit payments to determine the total pension liability.

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.375%, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current year.

The City’s net pension asset as calculated at the discount rates noted above are as follows:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability (asset)	\$ 636,139	\$ (60,027)	\$ (633,239)

Changes in net pension liability (asset) – The changes in the components of the net pension liability (asset) for the City for the year ended June 30, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Beginning Balance	\$ 4,852,447	\$ 4,028,283	\$ 824,164
Changes for the year:			
Service cost	140,845	-	140,845
Interest	362,676	-	362,676
Differences between expected and actual experience	(206,942)	-	(206,942)
Contributions – employer	-	219,499	(219,499)
Net investment income	-	980,819	(980,819)
Benefit payments, including refunds of employee contributions	(151,310)	(151,310)	-
Administrative expense	-	(19,548)	19,548
Net changes	145,269	1,029,460	(884,191)
Ending Balance	\$ 4,997,716	\$ 5,057,743	\$ (60,027)

The Plan's fiduciary net position as a percentage of the total pension liability 101.20%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

The required schedule of changes in the City's net pension asset and related ratios in the required supplementary information section presents multi-year trend information about whether the value of plan assets are increasing or decreasing over time relative to the total pension liability.

Pension expense and deferred outflows/inflows of resources related to pensions - For the year ended June 30, 2022, the City recognized pension expense of \$56,556. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 292,028	\$ 261,326
Changes in assumptions	20,002	50,572
Net difference between projected and actual earnings on pension plan investments	-	647,912
City contributions subsequent to the measurement date	177,598	-
Total	\$ 489,628	\$ 959,810

City contributions subsequent to the measurement date of \$177,598, are reported as deferred outflows of resources and will be recognized as a reduction to the net pension liability for the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending June 30,</u>			
2023	\$	(140,290)	
2024		(141,652)	
2025		(201,809)	
2026		(129,539)	
2027		(34,490)	
Total	\$	(647,780)	

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. BUDGET COMPLIANCE

Excess of Expenditures Over Appropriations

The following General Fund departments had actual expenditures in excess of appropriations for the year ended June 30, 2022:

<u>Department</u>	<u>Excess</u>
Municipal Court	\$ 13,503
Police	350,747
Fire	14,486

These over expenditures were funded by greater than anticipated revenues.

NOTE 11. JOINT VENTURE

The City, in conjunction with other cities and counties located in the thirteen City east central Georgia area, is a member of the CSRA Regional Commission and is required to pay annual dues thereto. Membership in a regional commission is required by the Official Code of Georgia Annotated ("O.C.G.A.") §50-8-34, which provides for the organizational structure of regional commissions in Georgia. The regional commission board membership includes the chief official of each City and municipality of the area. O.C.G.A. §50-8-39.1 provides that member governments are liable for any debts or obligations of the regional commission. Separate financial statements may be obtained from:

CSRA Regional Commission
3626 Walton Way Extension, Suite 300
Augusta, Georgia 30909

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. COMMITMENTS

Significant commitments at June 30, 2022 are composed of the following:

	<u>Project Authorization</u>	<u>Expended through June 30, 2022</u>	<u>Commitment</u>
Wastewater Treatment Plant	\$ 24,537,100	\$ 23,863,334	\$ 673,766

The City has entered into an agreement for the future operations and maintenance of a new Wastewater treatment plant for the purpose of redirecting all wastewater in the City to the new plant. The agreement is between: the City, Turnipseed Engineers and the GEFA. Turnipseed Engineers is responsible for the design and construction of the plant. The City will be responsible for the operations of the plant once it becomes active. The City entered into contract for financing with GEFA in January 2017 for the financing of the project. GEFA has required the City to pledge the use of the City's revenue raising power (including its taxing power) as security for the payments to be made and the obligations required to be performed under the loan agreement.

NOTE 13. CONTINGENCIES

The City is a defendant in various lawsuits. In the opinion of the City's management and the City Attorney, the ultimate effect of these matters will not have a material adverse effect on the financial condition of the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GROVETOWN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEARS ENDED JUNE 30,

	2022	2021	2020	2019
Total pension liability				
Service cost	\$ 140,845	\$ 63,055	\$ 141,039	\$ 122,206
Interest on total pension liability	362,676	167,319	328,123	282,044
Differences between expected and actual experience	(206,942)	182,154	(53,859)	315,703
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(151,310)	(69,000)	(124,813)	(123,992)
Other	-	-	(77,912)	-
Net change in total pension liability	145,269	343,528	212,578	595,961
Total pension liability - beginning	4,852,447	4,508,919	4,296,341	3,700,380
Total pension liability - ending (a)	4,997,716	4,852,447	4,508,919	4,296,341
Plan fiduciary net position				
Contributions - employer	219,499	110,698	187,981	185,769
Net investment income	980,819	755,003	(247,741)	120,479
Benefit payments, including refunds of employee contributions	(151,310)	(69,000)	(124,813)	(123,992)
Administrative expenses	(19,548)	(7,597)	(17,378)	(16,381)
Net change in plan fiduciary net position	1,029,460	789,104	(201,951)	165,875
Plan fiduciary net position - beginning	4,028,283	3,239,179	3,441,130	3,275,255
Plan fiduciary net position - ending (b)	5,057,743	4,028,283	3,239,179	3,441,130
City's net pension liability (asset) - ending (a)-(b)	\$ (60,027)	\$ 824,164	\$ 1,269,740	\$ 855,211
Plan fiduciary net position as a percentage of the total pension liability	101.20%	83.02%	71.8%	80.1%
Covered payroll	\$ 4,895,476	\$ 4,826,833	\$ 4,246,200	\$ 4,185,490
City's net pension liability as a percentage of covered payroll	-1.23%	17.07%	29.9%	20.4%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

	2018	2017	2016	2015
\$	134,248	\$ 102,435	\$ 104,989	\$ 97,394
	267,376	243,896	223,160	209,994
	(154,227)	52,211	21,736	(38,044)
	56,005	-	-	-
	(106,069)	(85,090)	(79,540)	(87,480)
	-	-	-	(15,955)
	197,333	313,452	270,345	165,909
	3,503,047	3,189,595	2,919,250	2,753,341
	<u>3,700,380</u>	<u>3,503,047</u>	<u>3,189,595</u>	<u>2,919,250</u>

	165,999	159,439	176,599	132,112
	356,789	318,644	9,111	210,926
	(106,069)	(85,090)	(79,540)	(87,480)
	(15,627)	(15,797)	(11,170)	(10,094)
	401,092	377,196	95,000	245,464
	2,874,163	2,496,967	2,401,967	2,156,503
	<u>3,275,255</u>	<u>2,874,163</u>	<u>2,496,967</u>	<u>2,401,967</u>

\$	<u>425,125</u>	\$ <u>628,884</u>	\$ <u>692,628</u>	\$ <u>517,283</u>
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	88.5%	82.0%	78.3%	82.3%
\$	3,611,731	\$ 3,627,002	\$ 3,121,305	\$ 2,930,135
	11.8%	17.3%	22.2%	17.7%

CITY OF GROVETOWN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FOR THE YEARS ENDED JUNE 30,

	2022	2021	2020	2019
Actuarially determined contribution	\$ 203,110	\$ 236,797	\$ 209,901	\$ 221,396
Contributions in relation to the actuarially determined contribution	236,797	215,649	187,981	185,769
Contribution deficiency (excess)	<u>\$ (33,687)</u>	<u>\$ 21,148</u>	<u>\$ 21,920</u>	<u>\$ 35,627</u>
Covered payroll	\$ 5,211,139	\$ 4,872,389	\$ 4,601,342	\$ 4,463,362
Contributions as a percentage of covered payroll	4.5%	4.4%	4.1%	4.2%

Notes to the Schedule:

Valuation date	January 1, 2022
Cost method	Projected unit credit
Actuarial asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed rate of return on investments	7.375%
Projected salary increases	2.25%
Cost-of-living adjustment	0.00%
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	11 years

The schedule will present 10 years of information once it is accumulated.

2018	2017	2016	2015
\$ 188,745	\$ 158,417	\$ 159,780	\$ 163,985
165,999	145,329	146,465	187,270
<u>\$ 22,746</u>	<u>\$ 13,088</u>	<u>\$ 13,315</u>	<u>\$ (23,285)</u>
\$ 3,611,731	\$ 3,627,002	\$ 3,121,305	\$ 2,930,135
4.6%	4.0%	4.7%	6.4%

**COMBINING STATEMENTS
AND SCHEDULES**

CITY OF GROVETOWN, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Police Seizure Fund** accounts for monies collected under Georgia Law by the City's law enforcement officers. Such monies are restricted to defray the cost of complex investigations and to purchase equipment relating to said investigations.

The **Transportation SPLOST Fund** accounts for the acquisition of property and construction of projects designated to be funded by the special sales tax created with the Transportation Investment Act of 2010.

CITY OF GROVETOWN, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

		<u>Special Revenue Funds</u>		
		<u>Police Seizure Fund</u>	<u>Transportation SPLOST Fund</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents		\$ 31,018	\$ 816,425	\$ 847,443
Due from other governments		-	23,787	23,787
Total assets		<u>\$ 31,018</u>	<u>\$ 840,212</u>	<u>\$ 871,230</u>
FUND BALANCES				
Restricted for:				
Public safety		31,018	-	31,018
Capital projects		-	840,212	840,212
Total fund balances		<u>31,018</u>	<u>840,212</u>	<u>871,230</u>
Total fund balances		<u>\$ 31,018</u>	<u>\$ 840,212</u>	<u>\$ 871,230</u>

CITY OF GROVETOWN, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds		Totals
	Police Seizure Fund	Transportation SPLOST Fund	
Revenues			
Intergovernmental	\$ 26,129	\$ 275,782	\$ 301,911
Interest revenue	43	2,035	2,078
Total revenues	<u>26,172</u>	<u>277,817</u>	<u>303,989</u>
Expenditures			
Public safety	21,642	-	21,642
Capital outlay	-	20,130	20,130
Total expenditures	<u>21,642</u>	<u>20,130</u>	<u>41,772</u>
Net change in fund balances	4,530	257,687	262,217
Fund balances, beginning of year	<u>26,488</u>	<u>582,525</u>	<u>609,013</u>
Fund balances, end of year	<u>\$ 31,018</u>	<u>\$ 840,212</u>	<u>\$ 871,230</u>

CITY OF GROVETOWN, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX PROCEEDS – 2017-2022 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Project	Original Estimated Cost	Prior Years	Current Year	Total
Tier 1				
Public works:				
Vehicles and equipment	\$ 1,200,000	\$ 665,306	\$ 138,389	\$ 803,695
Public safety:				
Vehicles, fire engine and turnout gear	1,100,000	1,100,000	-	1,100,000
City facilities:				
Renovations/expansions	610,104	328,007	-	328,007
Water and sewer:				
Water and sewer improvements	1,000,000	-	81,555	81,555
Communication/computers	400,000	359,750	6,387	366,137
Transportation	1,000,000	252,046	182,024	434,070
Recreation	1,000,000	354,626	274,664	629,290
Total Tier 1	6,310,104	3,059,735	683,019	3,742,754
Tier 2				
Public works:				
Vehicles	250,000	-	-	-
Public safety:				
Vehicles	200,000	-	130,977	130,977
City facilities:				
Renovations/expansions	200,000	-	-	-
Water and sewer:				
Water and sewer improvements	300,000	-	-	-
Computers	50,000	-	-	-
Stormwater:				
Equipment	51,684	-	-	-
Total Tier 2	1,051,684	-	130,977	130,977

(Continued)

CITY OF GROVETOWN, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX PROCEEDS – 2017-2022 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Project	Original Estimated Cost	Prior Years	Current Year	Total
Tier 3				
Public works:				
Vehicles	\$ 350,000	\$ -	\$ -	\$ -
Public safety:				
Vehicles	550,000	-	-	-
City facilities:				
Renovations/expansions	501,684	-	-	-
Computers/file server/software	100,000	-	-	-
Total Tier 3	<u>1,501,684</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 8,863,472</u>	<u>\$ 3,059,735</u>	<u>\$ 813,996</u>	<u>\$ 3,873,731</u>

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Honorable Mayor and
Members of the City Council
City of Grovetown, Georgia
Grovetown, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Grovetown, Georgia** (the "City") as of and for the year ended June 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 December 20, 2022.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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 or 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 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.

Macon, Georgia
December 20, 2022

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Honorable Mayor and
Members of the City Council
City of Grovetown, Georgia
Grovetown, Georgia**

Report on Compliance for the Major Federal Program

Opinion on Major Federal Program

We have audited the **City of Grovetown's** (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2022. The City's major federal program is identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the City's major federal program for the year ended June 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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'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'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 the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City'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 the City'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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Macon, Georgia
December 20, 2022

CITY OF GROVETOWN, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Agency or Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	NA	\$ 5,658,308	\$ -
Total U.S. Department of Treasury			<u>5,658,308</u>	<u>-</u>
U.S. Environmental Protection Agency Passed-Through Georgia Environmental				
Capitalization Grants for Clean Water State Revolving Fund	66.458	CW2017009	1,955,909	-
Total U.S Environmental Protection Agency			<u>1,955,909</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 7,614,217</u>	<u>\$ -</u>

CITY OF GROVETOWN, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Grovetown, Georgia (the "City"), and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. DE MINIMIS INDIRECT COST RATE

The City chose not to use the 10% de minimis cost rate for the year ended June 30, 2022.

NOTE 3. NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended June 30, 2022.

CITY OF GROVETOWN, GEORGIA

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

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? Yes No

Significant deficiencies identified not considered to be
material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:
Material weaknesses identified? Yes No

Significant deficiencies identified not considered
to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for
major programs Unmodified

Any audit findings disclosed that are required to be
reported in accordance with the Uniform Guidance? Yes No

Identification of major program:

CFDA Number
21.027

Name of Federal Program or Cluster
Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

CITY OF GROVETOWN, GEORGIA

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

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

CITY OF GROVETOWN, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

None reported.