

***CITY OF LOCUST GROVE, GEORGIA***

***Annual Financial Report***

***For the year ended December 31, 2022***

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**CITY OF LOCUST GROVE, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the year ended December 31, 2022*

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## Independent Auditor's Report

Honorable Mayor and  
Members of the City Council  
City of Locust Grove, 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 Locust Grove, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Locust Grove, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Locust Grove, Georgia, as of December 31, 2022, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund and the American Rescue Plan Act Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Locust Grove, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Locust Grove, Georgia's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 14 and 62 through 65, respectively, 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 of Locust Grove, Georgia’s basic financial statements. The combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of projects financed with transportation special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the 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 and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, the schedule of projects financed with transportation special purpose local option sales tax, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Locust Grove, Georgia’s basic financial statements for the year ended December 31, 2021, which are not presented with the accompanying financial statements. In our report dated October 7, 2022, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Locust Grove’s basic financial statements as a whole.

The combining and individual fund financial statements and schedules related to the 2021 financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 2021 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2021 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023 on our consideration of the City of Locust Grove, Georgia’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Locust Grove, Georgia’s internal control over financial reporting and compliance.

*Rushon, LLC*

Gainesville, Georgia  
June 29, 2023

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF LOCUST GROVE, GEORGIA**  
(Unaudited)

The management of the City of Locust Grove provides this Management's Discussion and Analysis for readers of the City's financial statements for the year ended December 31, 2022. The purpose of this narrative is to provide readers of these financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Locust Grove. This narrative overview of the City's financial activities should be read in conjunction with the information included in the notes to the financial statements.

***Financial Highlights***

- The assets of the City of Locust Grove exceeded its liabilities at December 31, 2022 by \$66,076,486 (reported as "Net Position"). Of this amount \$1,145,255 is unrestricted.
- The total net position increased by \$19,187,739.
- As of the close of the current fiscal year, the City of Locust Grove's governmental funds reported combined ending fund balances of \$24,195,910, an increase of \$14,216,863 in comparison with the prior year. Of this amount \$5,542,369 is unassigned and available for spending and \$18,606,993 is restricted or assigned for capital projects and other specific future uses. \$46,548 is in nonspendable form as prepaid items
- At the end of the current year, unassigned fund balance for the General Fund was \$5,542,369, which is 49.3 percent of total General Fund expenditures for the year ending December 31, 2022.
- The City of Locust Grove's total debt obligations (including accrued compensated absences) increased by \$7,117,492 to a total of \$11,805,441 as of year-end due to a new bond issuance for TSPLOST. The City made principal payments during the year on its long-term debt of \$682,155.

***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the City of Locust Grove (the "City"). The financial statements of the City comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data is presented when available.

**Government-wide financial statements**

The focus of the government-wide financial statements is on the overall financial position and the activities of the City. The government-wide financial statements include the Statement of Net Position and the Statement of Activities and are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include all assets and liabilities using the accrual basis of accounting. Accrual of the current year's revenues and expenses is taken into account regardless of when cash is received or paid.

**Statement of Net Position**

The Statement of Net Position (pages 15-16) presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. The City's net position, which



is the difference between assets (what the citizens own), and liabilities (what the citizens owe), is one way to measure the City's financial 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. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, and utility systems) must be considered to assess the overall health of the City.

### Statement of Activities

The Statement of Activities (page 17) presents information showing how the government'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 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.

The Statement of Net Position and the Statement of Activities are divided into two types of activities:

*Governmental activities* – Most of the City's basic services are reported under this category. These services include police, infrastructure maintenance, parks and recreation, and general administration. Taxes, fines/forfeitures and intergovernmental revenues (governmental activities) finance most of these activities.

*Business-type activities* – The City charges fees to customers to offset most of the cost of certain services it provides. The City's water and sewer and storm water utilities and solid waste services are reported under this category.

### **Fund financial statements**

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by state law. The City uses two categories of funds: governmental funds and proprietary funds.

In fund financial statements, information is presented in separate columns for each of the major funds. Data from non-major funds are combined into a single, aggregated column for presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements beginning on page 66.

### Governmental funds

Most of the City's basic governmental activities reported in the government-wide statements are accounted for in governmental funds, which focus on how money flows into and out of the funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation beside the fund financial statements.

In addition to the General Fund, which is considered a major fund, the City maintains three additional major funds, the American Rescue Plan Act Special Revenue Fund, SPLOST Capital Projects Fund, and the TSPLOST Capital Projects Fund.

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. An analysis of the balance that reconciles the two statements is provided at the bottom of each statement.

#### Proprietary funds

When the City charges customers for the full or partial cost of the services it provides (whether to outside customers or to other units of the City), these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, using the accrual basis of accounting. Enterprise funds are a type of proprietary fund used to account for functions reported as business-type activities in the government-wide statements. The City uses three enterprise funds to account for separate business-type activities, which are reported in the basic proprietary fund financial statements, on pages 24-28 of this report. The City of Locust Grove uses enterprise funds to account for its water and sewer, storm water, and solid waste functions.

#### Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-61 of this report.

#### Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including combined financial statements for non-major funds described earlier. Individual fund statements and schedules are presented following the required supplementary information. These statements and schedules contain much more detailed financial information about individual services or divisions of the City.

This report includes two schedules on pages 19 and 21 that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on the fund financial statements.
- Certain revenues that are earned, but not available, are reported as revenue on the government-wide statement, but are reported as unearned revenue on the fund financial statements.
- Unless due and payable, long-term liabilities appear only in the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Repayment of debt principal reduces a liability on the government-wide statements, but is an expenditure on the fund financials.
- Some expenses reported in the government-wide statements represent increases in liabilities on the government-wide statements but are not reported as expenditures in governmental funds because they do not require the use of current financial resources.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$66,076,486 as of December 31, 2022. The following table provides a summary of the City's governmental and business-type net position for the year ending December 31, 2022.

(in thousands)

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current assets	\$ 24,781	\$ 11,722	\$ 6,859	\$ 6,269	\$ 31,640	\$ 17,991
Noncurrent assets	26,176	19,506	25,608	20,448	51,784	39,954
<b>Total assets</b>	<b>50,957</b>	<b>31,228</b>	<b>32,467</b>	<b>26,717</b>	<b>83,424</b>	<b>57,945</b>
<b>Total deferred outflows of resources</b>	<b>849</b>	<b>655</b>	<b>122</b>	<b>83</b>	<b>971</b>	<b>738</b>
Current liabilities	2,631	2,267	4,267	4,267	6,898	6,534
Noncurrent liabilities	7,753	1,056	2,993	3,594	10,746	4,650
<b>Total liabilities</b>	<b>10,384</b>	<b>3,323</b>	<b>7,260</b>	<b>7,861</b>	<b>17,644</b>	<b>11,184</b>
<b>Total deferred inflows of resources</b>	<b>342</b>	<b>509</b>	<b>333</b>	<b>152</b>	<b>675</b>	<b>661</b>
<b>Net Position</b>						
Net investment in capital assets	24,183	19,506	21,898	16,207	46,081	35,713
Restricted	14,164	4,250	4,687	3,188	18,851	7,438
Unrestricted	2,733	4,296	(1,588)	(608)	1,145	3,688
<b>Total net position</b>	<b>\$ 41,080</b>	<b>\$ 28,052</b>	<b>\$ 24,997</b>	<b>\$ 18,787</b>	<b>\$ 66,077</b>	<b>\$ 46,839</b>

The largest portion of the City's net position as of December 31, 2022 (70%) reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment and the street and sidewalks). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The following table provides a summary of the City's governmental and business-type revenues and expenses for the year ending December 31, 2022.

	(in thousands)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 2,318	\$ 2,554	\$ 6,347	\$ 5,774	\$ 8,665	\$ 8,328
Operating grants and contributions	3,104	171	0	0	3,104	171
Capital grants and contributions	9,174	4,908	5,356	3,685	14,530	8,593
General revenues:						
Motor vehicle/TAVT	352	335	0	0	352	335
Sales tax	3,418	3,103	0	0	3,418	3,103
Other taxes	3,490	2,633	0	0	3,490	2,633
Interest and investment earnings	30	13	11	1	41	14
Gain on sale of assets	0	61	0	0	0	61
Miscellaneous revenue	94	55	0	0	94	55
Transfers	0	128	0	(128)	0	0
<b>Total revenues</b>	<b>21,980</b>	<b>13,961</b>	<b>11,714</b>	<b>9,332</b>	<b>33,694</b>	<b>23,293</b>
<b>Expenses</b>						
General Government	1,899	1,677	0	0	1,899	1,677
Judicial	427	345	0	0	427	345
Public Safety	3,361	3,051	0	0	3,361	3,051
Public Works	1,623	2,418	0	0	1,623	2,418
Culture and Recreation	161	93	0	0	161	93
Housing and Development	1,886	1,359	0	0	1,886	1,359
Interest on long-term debt	344	0	0	0	344	0
Water and Sewer	0	0	3,892	3,417	3,892	3,417
Solid Waste Management	0	0	617	485	617	485
Storm Water	0	0	296	258	296	258
<b>Total expenses</b>	<b>9,701</b>	<b>8,943</b>	<b>4,805</b>	<b>4,160</b>	<b>14,506</b>	<b>13,103</b>
Indirect Cost Allocation	749	815	(749)	(815)	0	0
<b>Increase (decrease) in net position</b>	<b>13,028</b>	<b>5,833</b>	<b>6,160</b>	<b>4,357</b>	<b>19,188</b>	<b>10,190</b>
<b>Net position - beginning (original)</b>	<b>28,052</b>	<b>22,219</b>	<b>18,787</b>	<b>16,200</b>	<b>46,839</b>	<b>38,419</b>
Prior period adjustments	0	0	50	(1,770)	50	(1,770)
<b>Net position - beginning (restated)</b>	<b>28,052</b>	<b>22,219</b>	<b>18,837</b>	<b>14,430</b>	<b>46,889</b>	<b>36,649</b>
<b>Net position - ending</b>	<b>\$ 41,080</b>	<b>\$ 28,052</b>	<b>\$ 24,997</b>	<b>\$ 18,787</b>	<b>\$ 66,077</b>	<b>\$ 46,839</b>

### Governmental Activities

Governmental Activities increased the City's net position by \$13,028,719. Key elements of this increase were as follows:

- A contribution of capital assets from developers in the amount of \$5,060,486.

### Business-type Activities

Operations of business-type activities increased the City's net position by \$6,159,020. Key elements of this increase were as follows:

- A contribution of capital assets from developers in the amount of \$4,664,650.
- Revenues from business-type activities increased approximately \$209,098.
- Expenses from business-type activities increased approximately \$580,561.

## ***Financial Analysis of the Government's Individual Funds***

As noted earlier, the City of Locust Grove uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and financial reporting requirements.

### **Governmental funds**

The City uses governmental funds to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, an unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the current year, the City's General Fund reported an ending fund balance of \$9,326,352 a increase of \$3,931,488 in comparison with the prior year. Approximately 99% of this amount (\$9,226,954) constitutes a combined assigned and unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is in restricted or non-spendable form.

Review pages 68-72 for additional information on the General Fund.

## ***Financial Analysis of the Government's Individual Funds (Continued)***

### **Special Revenue Funds**

- Confiscated Assets Fund: This fund is used to account for assets obtained by the City as a result of investigations into illegal drug activities. The fund balance for this fund was \$14,529 and \$9,238 on December 31, 2022 and 2021, respectively.
- American Rescue Plan Act Fund: This fund is used to account for activities of the funds received through the American Rescue Plan Act. The balance for this fund was \$0 at December 31, 2022 as all of the funds were expended.
- Hotel/Motel Tax Fund: The Hotel/Motel Tax Fund receives revenues from taxes on hotels and motels within the City. 43.75% of these revenues must be paid to the Henry County Chamber of Commerce Convention and Visitors Bureau for tourism and promotional purposes. The fund balance for this fund was \$1,136,595 and \$777,275 on December 31, 2022 and 2021, respectively.

Review pages 73-78 for additional information on the Special Revenue funds

### Capital Projects Fund

- SPLOST Fund: The City has one Special Purpose Local Option Sales Tax fund for the purpose of funding capital projects. These funds were voted on by the citizens of Henry County, Georgia and are passed to the City of Locust Grove by way of an intergovernmental agreement (SPLOST IV) or by Statute (SPLOST V). The fund balance for this fund was \$4,220,742 and \$2,328,820 on December 31, 2022 and 2021, respectively.
- TSPLOST Fund: The City has one Transportation Special Purpose Local Option Sales Tax fund for the purpose of funding capital projects. These funds were voted on by the citizens of Henry County, Georgia and are passed to the City of Locust Grove by way of an intergovernmental agreement (TSPLOST). The fund balance for this fund was \$7,512,690 on December 31, 2022.
- Development Impact Fund: The Development Impact Fund collects revenues generated through a Fee Ordinance approved by the City Council. The City uses these fees to fund major capital improvements for parks, police and streets. The fund balance for this fund was \$1,985,002 and \$1,468,850 at December 31, 2022 and 2021, respectively. The recent return to near-normal construction from the recent recessionary levels means that more funds will be made available for capital projects.

Review pages 79-84 for additional information on the Capital Project Fund.

### Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

2022 net position of the City's three proprietary funds are as follows:

Water and sewer:	\$22,138,428
Solid waste management:	\$234,791
Storm water:	\$2,622,808

The increase in net position for the funds was approximately \$6,159,020. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's Business-type activities.

Review pages 85-95 for additional information on the Enterprise funds.

### Capital Asset and Debt Administration

#### Capital Assets

The City's investment in capital assets for its governmental and business-type activities was \$26,175,632 and \$25,351,857 (net of accumulated depreciation) on December 31, 2022 and 2021, respectively. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and distributions systems for water/sewer and storm water management.

During the year ended December 31, 2022, the City invested \$13,390,323 in new capital assets - governmental activities was \$7,513,673 and \$ 5,876,650 for business-type activities. Major capital asset events during the current year ended December 31, 2022 included the following:

Governmental activities:

Construction in progress	\$ 2,024,966
Infrastructure	\$ 5,067,530
Vehicles and equipment	\$ 421,177

Business-type activities:

Construction in progress	\$ 1,068,206
Infrastructure	\$ 4,664,650

More information on capital assets may be found in the Note 9 to the Financial Statements on pages 47-48 of this report.

Debt Administration

At the end of the current fiscal year, the City had \$7,637,646 outstanding General Obligation Sales Tax Bonds, Series 2022, with an interest rate of 5%. The bonds are to be used to fund a portion of the 2022 TSPLOST City of Locust Grove projects.

At the end of the current fiscal year, the City had \$3,260,000 outstanding Water and Sewerage Refunding Revenue Bonds, Series 2016, with an interest rate of 2%. The bonds refunded the previous Series 2013 bonds which financed improvements in water/sewer infrastructure. The City also had two outstanding notes payable related to equipment. The total liability related to these notes payable at year-end was \$171,676.

More information on long-term debt may be found in Notes 10 and 11 to the Financial Statements on pages 49-51 of this report.

## ***Economic Factors Affecting 2022 Operations and the New FY 2023 Budget***

### ***Macroeconomic Factors***

1. **Demographic Trends.** Locust Grove grew by a whopping 10% in 2021 – 2022 and now has a population of 10,734 by the US Census Bureau Population Estimate Program. Since the 2020 Census, the city has grown just under 20% overall, leading all other cities in Henry County in both percent and absolute growth.
2. **National and Regional Economic Trends.** Inflationary trends here outpace national indices, with more volatility in swings either up or down due to dependency on volatile fuel costs and its association with the Atlanta Region as being statistically higher than national averages. Construction costs are markedly higher due to this inflationary pressure, even though inflation began to slow in 2023 due to continued Federal Reserve action as well as slower economic growth. Transportation and other large public works projects have some of the greatest variability between estimates and pricing due to labor shortages and oil prices.
3. **Unemployment.** The unemployment rate for the City of Locust Grove continues to compare reasonably between the state and regional rates, although the lingering effects of the COVID-19 pandemic recovery continuing to increase the need for labor in nearly all sectors of the economy. The city recently increased all salaries by a minimum of 5.4%.

4. **Labor Force.** The biggest challenge in terms of employment is the availability of a trained workforce equipped for the new economy. This has been noted in prospective industrial tenants as well as our own needs for employees for various skilled and unskilled functions.
5. **The end of COVID 19.** The country witnessed the end to the COVID 19 Pandemic which, luckily due to increased natural immunity and vaccination led to decreased work outages and increased productivity. The environment of work is still dramatically different, meaning that large clusters of office space may no longer be the archetype of this information age; however, the need for distributed offices for meeting space on varied working schedules may bring opportunities for coworking space development in the outer suburban locations such as Locust Grove.

### **Climate Change Factors**

5. **January 12, 2023, Tornado Event.** Locust Grove was struck by a tornado along with wind shear in several locations across the city limits and the surrounding area of Henry, Butts, and Spalding Counties. The primary effects were downed trees along with some limited associated property damage. The city suffered casualty losses to a traffic signal and a sanitary sewer lift station along with prolonged continued operations due to power outages from the storm. To date, the city has submitted over \$150,000 in damages to FEMA for reimbursement up to 75% depending on the type of damage category. Future reserve considerations should be taken for more vulnerability to climate change in the coming years to wind, flooding, and prolonged drought.

### **Local Strategic Factors**

6. **New large-scale commercial and industrial development continued to increase in 2022 as the switch to 3PL (Third Party Logistics) online fulfillment from the Pandemic Economy.** Several large projects on the northeast quadrant of the I-75 and Bill Gardner Parkway along SR 42 are nearing completions or are open (Bowery Farms, Ryder Logistics) along with the largest building to date in the city across the railroad from Bowery Farms as a 3PL concern nearing completion in 2023. Manufacturing is now becoming a larger investment within the city, with a major commitment by Renewal by Andersen for a \$420 million manufacturing facility with expansion potential over \$1 billion. Construction is set to begin in Fall 2023 with opening in the first quarter of 2025. NVH Korea just announced the location at 200 Gardner Farms Business Park for manufacturing of EV parts for the growing EV market segment and a creation of 160 full-time jobs.
7. **Building permits for residential construction is still subdued in Year 2022.** The quick rise in interest rates by the Fed during the year stymied new construction by nearly 50% from the prior year. While the pace has picked up some in 2023, it is still nearly 40% below the 2021 peak. As new subdivisions enter the market, there is an uptick in new inventory for permits; however, the marketplace then is left as the deciding factor for future starts.
8. **Multifamily construction prospects look good.** While no new multifamily developments were put under construction, there were two rezoning actions that will likely result in the construction of over 600 units between 2024 and 2026 with a total investment of nearly \$300 million.
9. **The occupancy rate of the City's downtown area is essentially 100%, including redevelopment of several storefronts into office and restaurant uses.** The success of the area



maintains into 2023, although there are some businesses with long-term viability issues we are already trying to address on a preemptive basis. Further there are two spaces that may be coming onto the market for investment by our DDA or other economic development agent to maintain the overall health of the central core.

10. **Tourism revenues in 2023 continue to increase at a pace not seen before.** Another new hotel (LaQuinta Inns and Suites) opened early in 2022 and a new Home2 Suites by Hilton was pitched for development in 2022 is still under consideration in 2023. Another hotel development that consists of a combination of hotel brands (a new trend since 2020) is being considered on the burgeoning west side of the interchange; however, financing and commitment remains to be seen, and even then, not likely under development until late 2024.
11. **Collections for LOST continue to be favorable despite the change in future distribution based on the 2020 Census.** By the end of 2022, the cities and Henry County had to agree on the continued collection of Local Option Sales Tax per state law mandating such negotiations after each decennial census. While the disbursement percentage maintained the same rates between the county and the cities, the distribution *among* the cities changed due to population changes with the 2 larger municipalities (McDonough/Stockbridge) and the 2 smaller cities of Hampton and Locust Grove. As such, the city's share decreased slightly over the next decade in favor of the larger cities who witnessed more growth compared with the smaller towns. When factoring growth overall, the city's revenue stream is not appreciably affected as long as more retail and housing development continues.
12. **SPLOST V revenues continue to impress – SPLOST VI.** The current SPLOST collections continue to outpace the original projections, meaning that a renewal vote for SPLOST VI will be coming by the end of 2024. Given the last SPLOST was contentious a best, there will be more discussions ahead to look jointly for projects well ahead of time and the need to factor any large-scale county-level projects.
13. **Enterprise Operations and Revenue.** The city saw continued growth in the Enterprise Funds due to increased development and customer base. For 2024, the city will be modifying its rate structure to better align with its costs (with greater emphasis on sanitary sewer for operations and future capital funding needs) as compared with water. Also, to remain more competitive with nearby areas, we are looking at decoupling commercial rates from residential and irrigation, as those uses generate revenues in other ways (property tax, LOST, etc.).
14. **T-SPLOST bonds were well received in the market at a time where interest rates were still low in early 2022.** As such, the city is now needed to concern itself with timing of expenditures to keep from any arbitrage related issues in an inflationary environment. Given the fact that costs are well outpacing original estimates, this should be a minor consideration if projects move at that speed.
15. **Workforce challenges.** The city continues to experience challenges in getting qualified employees due to wage inflation/competition or ancillary issues related to childcare, costs related to healthcare, or the demographic changes with a younger retirement age and/or rise of the distributed work environment. While the city has been trying to increase wages and continuing to offer excellent benefits, there are looming issues of constrained resources to offer the same or better without increased sources of revenue.
16. **Technological and operational improvements.** As part of continuing technological changes, we completed the migration of our Incode (now Tyler ERP Pro) financial software system to a cloud-hosted environment. In 2023, we began an upgrade to the latest version of Tyler ERP Pro (v. 10) that will require more staff training and allow for better knowledge with less errors in the future. Furthermore, we installed a new server for our local files not otherwise hosted

in a cloud environment at our Public Safety Facility which has better structural integrity along with a backup generator power in case of a disaster.

17. **The City's credit/debit card payments system was upgraded in early 2022 to remain compliant with current payment protocols and allowing more secure payment methods via chip and contactless NFC technology.** This is part of the overall Tyler Technology system upgrade.

18. **These factors were considered in preparing the City of Locust Grove's budget for FY 2023, as well as recent amendments.**

### *Requests for Information*

This financial report is designed to provide a general overview of the City of Locust Grove's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City at (770) 957-5043 or at the following address: City of Locust Grove Attention: City Clerk P.O. Box 900, Locust Grove, GA 30248

***BASIC FINANCIAL STATEMENTS***

**CITY OF LOCUST GROVE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**December 31, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 17,279,545	\$ 774,339	\$ 18,053,884
Restricted assets			
Cash and cash equivalents	5,950,234	5,447,651	11,397,885
Receivables (net)			
Accounts	6,591	655,983	662,574
Lease	0	28,280	28,280
Interest	0	35,984	35,984
Taxes	1,093,594	0	1,093,594
Intergovernmental	316,229	0	316,229
Prepaid items	46,548	5,475	52,023
Internal balances	88,318	(88,318)	0
	<u>24,781,059</u>	<u>6,859,394</u>	<u>31,640,453</u>
Total current assets			
	<u>24,781,059</u>	<u>6,859,394</u>	<u>31,640,453</u>
<b>Noncurrent assets</b>			
Lease receivable	0	256,320	256,320
Capital assets			
Non-depreciable	5,335,239	3,891,594	9,226,833
Depreciable (net)	20,840,393	21,460,263	42,300,656
	<u>26,175,632</u>	<u>25,608,177</u>	<u>51,783,809</u>
Total noncurrent assets			
	<u>26,175,632</u>	<u>25,608,177</u>	<u>51,783,809</u>
<b>Total assets</b>	<u>50,956,691</u>	<u>32,467,571</u>	<u>83,424,262</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	849,117	122,272	971,389
	<u>849,117</u>	<u>122,272</u>	<u>971,389</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	215,850	163,178	379,028
Retainages payable	195,934	0	195,934
Accrued salaries and expenses	89,811	15,450	105,261
Compensated absences	653,070	83,049	736,119
Unearned revenue	0	2,582,949	2,582,949
Due to others	83,554	0	83,554
Interest payable	26,271	0	26,271
Notes payable	0	66,605	66,605
Bonds payable	1,366,529	0	1,366,529
Liabilities payable from restricted assets			
Customer deposits payable	0	744,917	744,917
Interest	0	16,255	16,255
Bonds payable	0	595,000	595,000
	<u>2,631,019</u>	<u>4,267,403</u>	<u>6,898,422</u>
Total current liabilities			
	<u>2,631,019</u>	<u>4,267,403</u>	<u>6,898,422</u>

**CITY OF LOCUST GROVE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**December 31, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Noncurrent liabilities</b>			
Net pension liability	\$ 1,481,651	\$ 223,261	\$ 1,704,912
Notes payable	0	105,071	105,071
Bonds payable	6,271,117	2,665,000	8,936,117
Total noncurrent liabilities	7,752,768	2,993,332	10,746,100
<b>Total liabilities</b>	10,383,787	7,260,735	17,644,522
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to leases	0	243,944	243,944
Deferred inflows related to pension	341,562	89,137	430,699
Total deferred inflows of resources	341,562	333,081	674,643
<b>NET POSITION</b>			
Net investment in capital assets	24,182,627	21,897,504	46,080,131
Restricted for:			
Public Safety	14,529	0	14,529
Public Works	54,120	0	54,120
Housing and Development	377,198	0	377,198
Capital outlay	13,718,434	4,181,791	17,900,225
Debt service	0	505,028	505,028
Unrestricted	2,733,551	(1,588,296)	1,145,255
<b>Total net position</b>	<b>\$ 41,080,459</b>	<b>\$ 24,996,027</b>	<b>\$ 66,076,486</b>

**CITY OF LOCUST GROVE, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2022

	Expenses	Indirect Costs	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>FUNCTIONS/PROGRAMS</b>						
<b>Primary government</b>						
Governmental activities						
General Government	\$ 1,899,325	\$ (748,687)	\$ 85,274	\$ 3,078,236	\$ 0	\$ 2,012,872
Judicial	427,128	0	0	0	0	(427,128)
Public Safety	3,361,300	0	826,355	26,377	0	(2,508,568)
Public Works	1,623,064	0	159,723	0	9,174,207	7,710,866
Culture and Recreation	161,283	0	282,105	0	0	120,822
Housing and Development	1,886,280	0	964,760	0	0	(921,520)
Interest on long-term debt	343,931	0	0	0	0	(343,931)
Total governmental activities	<u>9,702,311</u>	<u>(748,687)</u>	<u>2,318,217</u>	<u>3,104,613</u>	<u>9,174,207</u>	<u>5,643,413</u>
Business-type activities						
Water and Sewer Utility	3,891,720	673,750	5,229,904	0	4,069,397	4,733,831
Solid Waste Management	617,751	18,104	678,406	0	0	42,551
Storm Water	296,651	56,833	438,637	0	1,286,800	1,371,953
Total business-type activities	<u>4,806,122</u>	<u>748,687</u>	<u>6,346,947</u>	<u>0</u>	<u>5,356,197</u>	<u>6,148,335</u>
Total primary government	<u>14,508,433</u>	<u>0</u>	<u>8,665,164</u>	<u>3,104,613</u>	<u>14,530,404</u>	<u>11,791,748</u>
<b>Change in net position</b>						
Net (expense) revenue			<u>\$ 5,643,413</u>	<u>\$ 6,148,335</u>	<u>\$ 11,791,748</u>	
General revenues						
Taxes						
Motor Vehicle/TAVT			352,243	0	352,243	
Sales			3,418,950	0	3,418,950	
Franchise			707,071	0	707,071	
Insurance premium			798,942	0	798,942	
Intangibles			59,725	0	59,725	
Alcoholic beverage			380,756	0	380,756	
Occupational			273,216	0	273,216	
Hotel/Motel			1,194,303	0	1,194,303	
Other			75,662	0	75,662	
Interest and investment earnings			30,551	10,685	41,236	
Other			93,887	0	93,887	
Total general revenues			<u>7,385,306</u>	<u>10,685</u>	<u>7,395,991</u>	
Change in net position			13,028,719	6,159,020	19,187,739	
Net position - beginning (restated)			<u>28,051,740</u>	<u>18,837,007</u>	<u>46,888,747</u>	
Net position - ending			<u>\$ 41,080,459</u>	<u>\$ 24,996,027</u>	<u>\$ 66,076,486</u>	

**CITY OF LOCUST GROVE, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2022**

	General	American Rescue Plan Act	SPLOST	TSPLOST	Nonmajor Governmental Funds	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,688,724	\$ 0	\$ 4,461,741	\$ 1,000,990	\$ 3,128,090	\$ 17,279,545
Restricted assets						
Cash and equivalents	54,120	0	0	5,896,114	0	5,950,234
Receivables (net)						
Accounts	6,591	0	0	0	0	6,591
Taxes	1,002,807	0	0	0	90,787	1,093,594
Intergovernmental	0	0	126,263	189,966	0	316,229
Due from other funds	387,171	0	0	609,072	0	996,243
Prepaid items	45,278	0	0	0	1,270	46,548
<b>Total assets</b>	<b>\$ 10,184,691</b>	<b>\$ 0</b>	<b>\$ 4,588,004</b>	<b>\$ 7,696,142</b>	<b>\$ 3,220,147</b>	<b>\$ 25,688,984</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 77,743	\$ 0	\$ 55,927	\$ 0	\$ 82,180	\$ 215,850
Retainages payable	0	0	12,482	183,452	0	195,934
Accrued salaries	87,970	0	0	0	1,841	89,811
Due to other funds	609,072	0	298,853	0	0	907,925
Due to others	83,554	0	0	0	0	83,554
<b>Total liabilities</b>	<b>858,339</b>	<b>0</b>	<b>367,262</b>	<b>183,452</b>	<b>84,021</b>	<b>1,493,074</b>
<b>FUND BALANCES</b>						
Nonspendable prepaid items	45,278	0	0	0	1,270	46,548
Restricted for:						
Public Safety	0	0	0	0	14,529	14,529
Public Works	54,120	0	0	0	0	54,120
Housing and Development	0	0	0	0	377,198	377,198
Capital projects	0	0	4,220,742	7,512,690	1,985,002	13,718,434
Assigned for:						
Housing and Development	0	0	0	0	758,127	758,127
Budget	684,585	0	0	0	0	684,585
Government projects	3,000,000	0	0	0	0	3,000,000
Unassigned	5,542,369	0	0	0	0	5,542,369
<b>Total fund balances</b>	<b>9,326,352</b>	<b>0</b>	<b>4,220,742</b>	<b>7,512,690</b>	<b>3,136,126</b>	<b>24,195,910</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 10,184,691</b>	<b>\$ 0</b>	<b>\$ 4,588,004</b>	<b>\$ 7,696,142</b>	<b>\$ 3,220,147</b>	<b>\$ 25,688,984</b>

**CITY OF LOCUST GROVE, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**December 31, 2022**

**Total fund balance - total governmental funds** \$ 24,195,910

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

Some assets are not financial resources and, therefore, are not reported in the funds.

These are:

Capital assets net of accumulated depreciation 26,175,632

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:

Deferred outflows related to pension	\$ 849,117	
Deferred inflows related to pension	<u>(341,562)</u>	507,555

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

These are:

Interest payable	(26,271)	
Net pension liability	(1,481,651)	
Compensated absences	(653,070)	
Bonds payable	<u>(7,637,646)</u>	<u>(9,798,638)</u>

Net position of governmental activities \$ 41,080,459



**CITY OF LOCUST GROVE, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the year ended December 31, 2022**

	General	American Rescue Plan Act	SPLOST	TSPLOST	Nonmajor Governmental Funds	Total
<b>REVENUES</b>						
Taxes	\$ 6,066,563	\$ 0	\$ 0	\$ 0	\$ 1,194,303	\$ 7,260,866
Licenses and permits	908,997	0	0	0	0	908,997
Fines, fees and forfeitures	743,884	0	0	0	15,291	759,175
Charges for services	899,831	0	0	0	517,527	1,417,358
Intergovernmental	26,377	3,078,236	2,038,452	2,045,386	0	7,188,451
Interest	29,072	0	11,285	0	1,479	41,836
Other	93,887	0	0	0	0	93,887
<b>Total revenues</b>	<b>8,768,611</b>	<b>3,078,236</b>	<b>2,049,737</b>	<b>2,045,386</b>	<b>1,728,600</b>	<b>17,670,570</b>
<b>EXPENDITURES</b>						
Current						
General Government	1,812,737	0	0	0	0	1,812,737
Judicial	427,509	0	0	0	0	427,509
Public Safety	3,088,663	0	0	0	10,000	3,098,663
Public Works	1,468,273	0	0	0	0	1,468,273
Culture and Recreation	71,170	0	0	0	0	71,170
Housing and Development	1,143,257	0	0	0	738,807	1,882,064
Capital outlay	0	0	157,815	1,852,683	2,780	2,013,278
Debt service	0	0	0	454,189	0	454,189
<b>Total expenditures</b>	<b>8,011,609</b>	<b>0</b>	<b>157,815</b>	<b>2,306,872</b>	<b>751,587</b>	<b>11,227,883</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	757,002	3,078,236	1,891,922	(261,486)	977,013	6,442,687
Other Financing Sources (Uses)						
Transfers in	3,174,486	0	0	0	0	3,174,486
Transfers out	0	(3,078,236)	0	0	(96,250)	(3,174,486)
Issuance of bonds payable	0	0	0	6,955,000	0	6,955,000
Bond premiums	0	0	0	819,176	0	819,176
Total other financing sources (uses)	3,174,486	(3,078,236)	0	7,774,176	(96,250)	7,774,176
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,931,488	0	1,891,922	7,512,690	880,763	14,216,863
Fund balances, January 1	5,394,864	0	2,328,820	0	2,255,363	9,979,047
<b>Fund balances, December 31</b>	<b>\$ 9,326,352</b>	<b>\$ 0</b>	<b>\$ 4,220,742</b>	<b>\$ 7,512,690</b>	<b>\$ 3,136,126</b>	<b>\$ 24,195,910</b>

**CITY OF LOCUST GROVE, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the year ended December 31, 2022**

**Net change in fund balances - total governmental funds** \$ 14,216,863

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 2,453,213	
Depreciation	(844,149)	1,609,064

Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Cost of assets	5,060,460	
Related accumulated depreciation	0	5,060,460

In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources.

Cost of assets disposed	(62,375)	
Related accumulated depreciation	62,375	0

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	323,408	
Cost of benefits earned net of employee contributions	(388,489)	(65,081)

The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

Proceeds from bonds payable	(7,774,176)	
Amortization of bond premiums	136,529	
Increase in accrued interest payable	(26,271)	(7,663,918)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Compensated absences		(128,669)

Change in net position of governmental activities		\$ 13,028,719

**CITY OF LOCUST GROVE, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) AND ACTUAL**  
**For the year ended December 31, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final</u>
				<u>Budget</u>
<b>REVENUES</b>				
Taxes	\$ 4,786,750	\$ 5,518,750	\$ 6,066,563	\$ 547,813
Licenses and permits	1,046,000	971,500	908,997	(62,503)
Fines, fees and forfeitures	687,500	720,000	743,884	23,884
Charges for services	1,162,600	1,119,375	899,831	(219,544)
Intergovernmental	101,750	300,750	26,377	(274,373)
Interest	8,025	19,025	29,072	10,047
Other	56,600	78,100	93,887	15,787
<b>Total revenues</b>	<u>7,849,225</u>	<u>8,727,500</u>	<u>8,768,611</u>	<u>41,111</u>
<b>EXPENDITURES</b>				
Current				
General Government				
Mayor and Council	168,200	174,950	181,917	(6,967)
Administration	1,921,650	1,810,428	1,630,820	179,608
Judicial				
Municipal Court	404,500	461,850	427,509	34,341
Public Safety				
Police	3,140,250	3,159,500	3,088,663	70,837
Public Works				
Streets	2,027,700	2,048,990	1,393,357	655,633
Fleet Maintenance	154,890	130,640	48,466	82,174
Cemetery	20,275	30,550	26,450	4,100
Culture and Recreation				
Parks and Recreation	55,500	87,500	71,170	16,330
Housing and Development				
Community Development	1,091,440	1,238,940	1,143,257	95,683
<b>Total expenditures</b>	<u>8,984,405</u>	<u>9,143,348</u>	<u>8,011,609</u>	<u>1,131,739</u>
Excess (deficiency) of revenues over (under) before other financing sources (uses) expenditures	<u>(1,135,180)</u>	<u>(415,848)</u>	<u>757,002</u>	<u>1,172,850</u>
Other financing sources (uses)				
Transfers in	1,575,000	1,540,000	3,174,486	1,634,486
Transfers out	(1,335,200)	(1,335,200)	0	1,335,200
Contingency	(45,500)	(43,000)	0	43,000
<b>Total other financing sources (uses)</b>	<u>194,300</u>	<u>161,800</u>	<u>3,174,486</u>	<u>3,012,686</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(940,880)</u>	<u>(254,048)</u>	<u>3,931,488</u>	<u>4,185,536</u>
Fund balances, January 1	<u>940,880</u>	<u>254,048</u>	<u>5,394,864</u>	<u>5,140,816</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 9,326,352</u></u>	<u><u>\$ 9,326,352</u></u>

**CITY OF LOCUST GROVE, GEORGIA**  
**AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) AND ACTUAL**  
**For the year ended December 31, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 0	\$ 0	\$ 3,078,236	\$ 3,078,236
<b>Total revenues</b>	<u>0</u>	<u>0</u>	<u>3,078,236</u>	<u>3,078,236</u>
<b>EXPENDITURES</b>				
Current				
Public Works	0	0	0	0
<b>Total expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under)				
before other financing sources (uses) expenditures	0	0	3,078,236	3,078,236
Other financing sources (uses)				
Transfers out	0	0	(3,078,236)	(3,078,236)
Excess (deficiency) of revenues and other				
financing sources over (under)				
expenditures and other financing uses	0	0	0	0
Fund balances, January 1	0	0	0	0
<b>Fund balances, December 31</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF LOCUST GROVE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2022**

	Business Type			Totals
	Water and Sewer	Solid Waste Management	Storm Water	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 29,583	\$ 181,199	\$ 563,557	\$ 774,339
Restricted cash and cash equivalents	5,447,651	0	0	5,447,651
Receivables				
Accounts	508,910	77,695	69,378	655,983
Lease	28,280	0	0	28,280
Interest	35,984	0	0	35,984
Prepaid items	3,418	711	1,346	5,475
Total current assets	<u>6,053,826</u>	<u>259,605</u>	<u>634,281</u>	<u>6,947,712</u>
<b>Noncurrent assets</b>				
Lease receivable	256,320	0	0	256,320
Capital assets				
Non-depreciable	3,891,594	0	0	3,891,594
Depreciable (net)	19,368,672	875	2,090,716	21,460,263
Total noncurrent assets	<u>23,516,586</u>	<u>875</u>	<u>2,090,716</u>	<u>25,608,177</u>
<b>Total assets</b>	<u>29,570,412</u>	<u>260,480</u>	<u>2,724,997</u>	<u>32,555,889</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	88,925	11,116	22,231	122,272
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	155,213	1,075	6,890	163,178
Accrued salaries and expenses	10,429	1,516	3,505	15,450
Compensated absences	52,664	5,112	25,273	83,049
Unearned revenue	2,582,949	0	0	2,582,949
Due to other funds	88,318	0	0	88,318
Notes payable	50,693	0	15,912	66,605
Liabilities payable from restricted assets:				
Customer deposits payable	744,917	0	0	744,917
Interest payable	16,255	0	0	16,255
Bonds payable	595,000	0	0	595,000
Total current liabilities	<u>4,296,438</u>	<u>7,703</u>	<u>51,580</u>	<u>4,355,721</u>

**CITY OF LOCUST GROVE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2022**

	<b>Business Type</b>			<b>Totals</b>
	<b>Water and Sewer</b>	<b>Solid Waste Management</b>	<b>Storm Water</b>	
<b>Noncurrent liabilities</b>				
Net pension liability	\$ 162,372	\$ 20,296	\$ 40,593	\$ 223,261
Notes payable	88,571	0	16,500	105,071
Bonds payable	2,665,000	0	0	2,665,000
<b>Total noncurrent liabilities</b>	<b>2,915,943</b>	<b>20,296</b>	<b>57,093</b>	<b>2,993,332</b>
<b>Total liabilities</b>	<b>7,212,381</b>	<b>27,999</b>	<b>108,673</b>	<b>7,349,053</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to leases	243,944	0	0	243,944
Deferred inflows related to pension	64,584	8,806	15,747	89,137
<b>Total deferred inflows of resources</b>	<b>308,528</b>	<b>8,806</b>	<b>15,747</b>	<b>333,081</b>
<b>NET POSITION</b>				
Net investment in capital assets	19,838,325	875	2,058,304	21,897,504
Restricted for capital	4,181,791	0	0	4,181,791
Restricted for debt service	505,028	0	0	505,028
Unrestricted	(2,386,716)	233,916	564,504	(1,588,296)
<b>Total net position</b>	<b>\$ 22,138,428</b>	<b>\$ 234,791</b>	<b>\$ 2,622,808</b>	<b>\$ 24,996,027</b>

**CITY OF LOCUST GROVE, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the year ended December 31, 2022**

	<b>Business Type</b>			<b>Totals</b>
	<b>Water and Sewer</b>	<b>Solid Waste Management</b>	<b>Storm Water</b>	
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 5,229,904	\$ 678,406	\$ 438,637	\$ 6,346,947
<b>Total operating revenues</b>	<b>5,229,904</b>	<b>678,406</b>	<b>438,637</b>	<b>6,346,947</b>
<b>OPERATING EXPENSES</b>				
Costs of sales and services	3,090,243	564,396	122,918	3,777,557
Personal services	501,678	70,959	161,512	734,149
Depreciation	905,314	500	66,663	972,477
<b>Total operating expenses</b>	<b>4,497,235</b>	<b>635,855</b>	<b>351,093</b>	<b>5,484,183</b>
Operating income (loss)	732,669	42,551	87,544	862,764
Non-operating revenues (expenses)				
Interest revenue	10,685	0	0	10,685
Interest expense	(68,235)	0	(2,391)	(70,626)
<b>Total non-operating revenues (expenses)</b>	<b>(57,550)</b>	<b>0</b>	<b>(2,391)</b>	<b>(59,941)</b>
Income (loss) before capital contributions	675,119	42,551	85,153	802,823
Capital contributions				
Impact fees	691,547	0	0	691,547
Capital contributions	3,377,850	0	1,286,800	4,664,650
<b>Total capital contributions</b>	<b>4,069,397</b>	<b>0</b>	<b>1,286,800</b>	<b>5,356,197</b>
Change in net position	4,744,516	42,551	1,371,953	6,159,020
Net position, January 1 (restated)	17,393,912	192,240	1,250,855	18,837,007
<b>Net position, December 31</b>	<b>\$ 22,138,428</b>	<b>\$ 234,791</b>	<b>\$ 2,622,808</b>	<b>\$ 24,996,027</b>

**CITY OF LOCUST GROVE, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the year ended December 31, 2022**

	<b>Business Type</b>			<b>Totals</b>
	<b>Water and Sewer</b>	<b>Solid Waste Management</b>	<b>Storm Water</b>	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 5,157,614	\$ 665,301	\$ 441,329	\$ 6,264,244
Payments to suppliers	(2,973,408)	(563,684)	(119,518)	(3,656,610)
Payments to employees	(494,823)	(68,418)	(174,256)	(737,497)
Net cash provided (used) by operating activities	<u>1,689,383</u>	<u>33,199</u>	<u>147,555</u>	<u>1,870,137</u>
<b>Cash flows from non-capital financing activities:</b>				
Receipts from other funds	31,408	148,000	0	179,408
Payments to other funds	<u>0</u>	<u>0</u>	<u>316,877</u>	<u>316,877</u>
Net cash provided (used) by non-capital financing activities	<u>31,408</u>	<u>148,000</u>	<u>316,877</u>	<u>496,285</u>
<b>Cash flows from capital and related financing activities:</b>				
Receipts of capital contributions	691,547	0	0	691,547
Interest paid	(71,150)	0	(2,391)	(73,541)
Acquisition of capital assets	(1,175,373)	0	(13,950)	(1,189,323)
Payment of capital related accounts payable	(126,962)	0	0	(126,962)
Principal payments - bonds payable	(595,000)	0	0	(595,000)
Principal payments - notes payable	<u>(49,374)</u>	<u>0</u>	<u>(37,781)</u>	<u>(87,155)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,326,312)</u>	<u>0</u>	<u>(54,122)</u>	<u>(1,380,434)</u>
<b>Cash flows from investing activities:</b>				
Interest received	<u>3,955</u>	<u>0</u>	<u>0</u>	<u>3,955</u>
Net increase (decrease) in cash and cash equivalents	398,434	181,199	410,310	989,943
Cash and cash equivalents, January 1	<u>5,078,800</u>	<u>0</u>	<u>153,247</u>	<u>5,232,047</u>
<b>Cash and cash equivalents, December 31</b>	<u><u>\$ 5,477,234</u></u>	<u><u>\$ 181,199</u></u>	<u><u>\$ 563,557</u></u>	<u><u>\$ 6,221,990</u></u>

See accompanying notes to the financial statements.



**CITY OF LOCUST GROVE, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the year ended December 31, 2022**

	Business Type			Totals
	Water and Sewer	Solid Waste Management	Storm Water	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 732,669	\$ 42,551	\$ 87,544	\$ 862,764
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	905,314	500	66,663	972,477
(Increase) decrease in accounts receivable	(22,371)	(13,105)	2,692	(32,784)
(Increase) decrease in prepaid items	643	(118)	(160)	365
(Increase) decrease in pension deferred outflows	(27,147)	(7,098)	(4,580)	(38,825)
Increase (decrease) in accounts payable	116,192	830	3,560	120,582
Increase (decrease) in accrued salaries and expense	2,353	1,516	(271)	3,598
Increase (decrease) in compensated absences	23,060	2,970	7,302	33,332
Increase (decrease) in unearned revenue	(93,921)	0	0	(93,921)
Increase (decrease) in deposits payable	64,330	0	0	64,330
Increase (decrease) in pension deferred inflows	(40,385)	1,018	(23,466)	(62,833)
Increase (decrease) in lease deferred inflows	(20,328)	0	0	(20,328)
Increase (decrease) in net pension liability	48,974	4,135	8,271	61,380
Total adjustments	956,714	(9,352)	60,011	1,007,373
Net cash provided (used) by operating activities	\$ 1,689,383	\$ 33,199	\$ 147,555	\$ 1,870,137
<b>Cash and cash equivalents reconciliation:</b>				
Cash and cash equivalents	\$ 29,583	\$ 181,199	\$ 563,557	\$ 774,339
Restricted cash and cash equivalents	5,447,651	0	0	5,447,651
Total cash and cash equivalents	\$ 5,477,234	\$ 181,199	\$ 563,557	\$ 6,221,990

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

Contributions of capital assets from developers totaled \$4,664,650.

Acquisition of capital assets through accounts payable totaled \$22,677.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**1. Description of Government Unit**

The City of Locust Grove was established in 1879. The City operates under a council/mayor form of government and provides the following services: public safety, street and sanitation, culture and recreation, public improvements and general and administrative services. In addition, the City operates public utilities for water, sewer, solid waste and stormwater management for the incorporated and immediate surrounding areas.

The City is governed by an elected mayor and six-member council.

**2. Summary of Significant Accounting Policies**

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

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

**B. Reporting Entity**

The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

**B. Reporting Entity, continued**

**City of Locust Grove Downtown Development Authority**

The City of Locust Grove Downtown Development Authority (“Authority”) was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members appointed by the Authority Chairman. The Authority provides for the vitalization of the downtown area of the City of Locust Grove. The Authority has a December 31 year-end and is considered a discretely presented component unit of the City. For the current year, the Authority had no activity to report in the financial statements.

**City of Locust Grove Historic Preservation Commission**

The City of Locust Grove Historic Preservation Commission (“Commission”) was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of five members appointed by the City. The Commission provides for the historic preservation of properties within the City of Locust Grove. The Commission has a December 31 year-end and is considered a blended component unit of the City. For the current year, the Commission had no activity to report in the financial statements.

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

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

As discussed earlier, the City has one discretely presented component unit and one blended component unit. Neither is considered to be a major component unit and there is no activity during the current year.

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

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

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

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

The City reports the following major governmental funds:

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

**American Rescue Plan Act Fund** – This fund is used to account for projects financed from the assistance from the American Rescue Plan Act of 2021.

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

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

The City reports the following major proprietary funds:

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

**Solid Waste Management Fund** – This fund is used to account for activities connected to sanitation and recycling services provided to the residential and commercial users of the City of Locust Grove.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

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

**Storm Water Fund** – This fund is used to account for activities connected to management of the flood plains by maintaining natural and artificial water drainage with the City of Locust Grove.

Additionally, the City reports the following fund types:

**Governmental Fund Types**

**Special Revenue Funds** - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

**Capital Projects Funds** - This fund type is used to account for financial resources to be used for the acquisition or construction of capital assets (other than those financed by the proprietary or fiduciary funds).

**Component Units**

The City of Locust Grove Downtown Development Authority and the City of Locust Grove Historical Preservation Commission is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

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

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

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

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

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

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

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

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

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

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

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

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

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

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

**F. Revenues and Expenditures/Expenses**

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

Certain indirect costs have been included as part of program expenses reported for the various functional activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer, Solid Waste Management, and Storm Water Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**G. Budgets and Budgetary Accounting**

The City Council adopts an annual budget for all governmental fund types, prior to January 1, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by City Council when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

Formal budgetary accounting is employed as a management control for the General Fund, Special Revenue Funds, and Enterprise Funds. The Capital Projects Fund is budgeted by the City Council when capital projects are approved. Annual operating budgets are adopted each year through approval by the Council. Before the end of each year, the City Manager submits a proposed budget for the upcoming year to the City Council for their review. Prior to adoption, a public hearing is held to receive comment from the citizenry on the proposed budget.



**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

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

This hearing is publicized in the local newspaper one week before the hearing, and the budget document is made available for public inspection during this week. After the public hearing, the budget is then revised by the City Council and the first reading of the proposed budget is made. At the next City Council meeting, the second reading of the proposed budget is made and the City Council votes to adopt the proposed budget. The annual operating budget is adopted no later than December 31st for the following year.

The annual budgets for the General Fund and Special Revenue Funds are prepared in accordance with the basis of accounting utilized by that fund. The budgets for the Enterprise Funds are adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, non-operating income and expense items are not considered. All unencumbered budget appropriations, except project budgets, lapse at the end of each year.

The legal level of budgetary control is the departmental level. Any increases in total appropriations of a department require approval and amendment of the budget by the City Council.

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

**H. Cash and Investments**

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

**I. Intergovernmental Receivables**

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

**J. Leases Receivable**

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

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

**K. Inventories**

Inventories are valued at cost on the first-in, first-out method.

**L. Prepaid Items**

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

**M. Capital Assets**

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

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning of the year ended December 31, 2004. Infrastructure assets include

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

**M. Capital Assets, continued**

roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Prior to January 1, 2007, neither their historical costs nor related depreciation had historically been reported in the financial statements. For entities the size of the City of Locust Grove, retroactive reporting of infrastructure assets was not required.

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

The City capitalizes all assets with an original cost of \$3,500. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	<b>Useful Life</b>
	<b><u>in Years</u></b>
Buildings and improvements	25-50
Infrastructure	40-50
Machinery and equipment	40-50
Vehicles	3-5
Furniture and fixtures	10-20
Land improvements	20
Intangibles	20-40

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

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

**N. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 reports deferred outflows of resources related to their defined benefit pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to their defined benefit pension plan and their leases.

**O. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from City service. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

**P. Pensions**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Locust Grove Employees' Pension Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Q. Long-Term Obligations**

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

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**R. Capital Contributions**

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

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

**S. Fund Balances – Governmental Funds**

In the fund financial statements, governmental funds report the following classifications of fund balance:

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

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

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

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

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

**S. Fund Balances – Governmental Funds, continued**

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

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

**T. Net Position Flow Assumption**

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

**U. Fund Balance Flow Assumption**

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

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

**V. Restricted Assets and Restricted Net Position**

Restricted assets of the Enterprise Funds represent certain resources set aside for the repayment of revenue bonds because they are maintained in a separate bank account and their use is limited by applicable bond covenants.

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

**W. Comparative Data and Reclassifications**

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain prior year amounts have been reclassified to conform to the current year presentation.

**3. Deposit and Investment Risk**

**Custodial Credit Risk – Deposits**

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

**Interest Rate Risk**

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

**Credit Risk**

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



**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**3. Deposit and Investment Risk (continued)**

**Concentration of Credit Risk**

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

**Foreign currency risk**

The City has no investments denominated in a foreign currency.

**4. Accounts Receivable**

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

<b>Major Funds</b>		
General Fund		\$ 6,591
Enterprise Funds		
Water and Sewer	\$ 741,410	
Less: Allowances for Uncollectibles	(232,500)	
Solid Waste Management	91,137	
Less: Allowances for Uncollectibles	(13,442)	
Storm Water	69,378	
Less: Allowances for Uncollectibles	0	
	<u>                    </u>	<u>655,983</u>
<b>Total Primary Government</b>		<u><u>\$ 662,574</u></u>

**5. Taxes Receivable**

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

<b>Major Funds</b>	
General	\$ 1,002,807
Nonmajor Governmental Funds	<u>90,787</u>
Total Primary Government	<u><u>\$ 1,093,594</u></u>

**6. Intergovernmental Receivable**

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

<b>Major Funds</b>	
SPLOST	\$ 126,263
TSPLOST	189,966
Total Primary Government	<u><u>\$ 316,229</u></u>

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**7. Leases Receivable**

In a previous fiscal year, the City entered into a lease with a communications provider for the right to use land for a tower. The lease term is 168 months, when including optional extensions. Annual payments are \$21,396 and provide for annual escalation. Leases receivable are measured as the present value of the future minimum rent payments expected to be received during the lease term. During the current fiscal year, the City recognized \$20,329 of lease revenue (reported as charges for services on the statement of revenues, expenditures, and changes in fund balances) and \$6,730 of interest revenue under the lease. As of December 31, 2022, the City recognized \$284,600 of lease receivable in the Water and Sewer Fund.

**8. Interfund Receivables, Payables, and Transfers**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water and Sewer	\$ 88,318
	SPLOST	298,853
TSPLOST	General	<u>609,072</u>
		<u>\$ 996,243</u>

The balance reported as Due to/Due from represent loans between the borrower funds and the lender fund. Balances reported between in the General Fund and nonmajor governmental funds resulted from transactions to alleviate equity in pooled cash deficits at year-end. Balances between the General Fund and the Water and Sewer and Solid Waste Management are short-term loans expected to be paid in the next year. Balances between the General Fund and the Storm Water Fund are expected to be paid as the Storm Water Fund grows.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*December 31, 2022*

**8. Interfund Receivables, Payables, and Transfers (continued)**

A summary of interfund transfers is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
American Rescue Plan Act	General	\$ 3,078,236
Nonmajor governmental	General	<u>96,250</u>
		<u>\$ 3,174,486</u>

Interfund transfers were used to transfer unrestricted revenues from payor funds to subsidize operations in payee funds in accordance with budgetary authorizations and to transfer City matching funds in accordance with grant agreements. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**9. Capital Assets**

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
Non-depreciable assets				
Land	\$ 3,093,064	\$ 0	\$ 0	\$ 3,093,064
Construction in progress	217,209	2,024,966	0	2,242,175
Total non-depreciable assets	<u>3,310,273</u>	<u>2,024,966</u>	<u>0</u>	<u>5,335,239</u>
Depreciable assets				
Buildings and improvements	11,679,299	0	0	11,679,299
Infrastructure	6,156,243	5,067,530	0	11,223,773
Vehicles and equipment	3,628,353	421,177	(62,375)	3,987,155
Furniture and fixtures	581,463	0	0	581,463
Total depreciable assets	<u>22,045,358</u>	<u>5,488,707</u>	<u>(62,375)</u>	<u>27,471,690</u>
Accumulated depreciation				
Buildings and improvements	(2,361,268)	(357,253)	0	(2,718,521)
Infrastructure	(451,674)	(161,927)	0	(613,601)
Vehicles and equipment	(2,675,306)	(267,250)	62,375	(2,880,181)
Furniture and fixtures	(361,275)	(57,719)	0	(418,994)
Total accumulated depreciation	<u>(5,849,523)</u>	<u>(844,149)</u>	<u>62,375</u>	<u>(6,631,297)</u>
Total depreciable assets, net	<u>16,195,835</u>	<u>4,644,558</u>	<u>0</u>	<u>20,840,393</u>
Governmental activities capital assets, net	<u>\$ 19,506,108</u>	<u>\$ 6,669,524</u>	<u>\$ 0</u>	<u>\$ 26,175,632</u>
<b>Business-type activities</b>				
Non-depreciable assets				
Land	\$ 2,355,375	\$ 0	\$ 0	\$ 2,355,375
Construction in progress	468,013	1,068,206	0	1,536,219
Total non-depreciable assets	<u>2,823,388</u>	<u>1,068,206</u>	<u>0</u>	<u>3,891,594</u>
Depreciable assets				
Buildings and improvements	14,633,615	36,627	0	14,670,242
Infrastructure	12,724,631	4,664,650	0	17,389,281
Vehicles and equipment	2,459,419	107,167	0	2,566,586
Total depreciable assets	<u>29,817,665</u>	<u>4,808,444</u>	<u>0</u>	<u>34,626,109</u>
Accumulated depreciation				
Buildings and improvements	(6,400,771)	(557,408)	0	(6,958,179)
Infrastructure	(4,108,463)	(262,611)	0	(4,371,074)
Vehicles and equipment	(1,684,135)	(152,458)	0	(1,836,593)
Total accumulated depreciation	<u>(12,193,369)</u>	<u>(972,477)</u>	<u>0</u>	<u>(13,165,846)</u>
Total depreciable assets, net	<u>17,624,296</u>	<u>3,835,967</u>	<u>0</u>	<u>21,460,263</u>
Business-type activities capital assets, net	<u>\$ 20,447,684</u>	<u>\$ 4,904,173</u>	<u>\$ 0</u>	<u>\$ 25,351,857</u>

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**9. Capital Assets (continued)**

Depreciation expense was charged to functions/programs as follows:

**Primary Government**

**Governmental activities**

General Government	\$ 145,030
Public Safety	352,874
Public Works	219,453
Culture and Recreation	94,120
Housing and Development	32,672
	<hr/>
Total depreciation expense for governmental activities	<u>\$ 844,149</u>

**Business-type activities**

Water and Sewer	\$ 905,314
Solid Waste Management	500
Storm Water	66,663
	<hr/>
Total depreciation expense for business-type activities	<u>\$ 972,477</u>

**10. Long-Term Debt**

**Governmental Activities**

***General Obligation Bonds***

The City issued general obligation bonds for the purposes of financing the costs of making various transportation improvements and the costs associated with the issuance of the bonds.

General obligation bonds are direct obligations of the City and are payable from the levy of an ad valorem tax, without limitation as to rate or amount, levied on all taxable property, including all real property, within the City subject to taxation for general obligation bond purposes. In certain instances specific revenues are pledged for servicing the debt, but the full faith, credit and taxing power of the City is ultimately responsible.

***General Obligation Sales Tax Bonds, Series 2022:*** During the year ended December 31, 2022, the City of Locust Grove, Georgia issued \$6,955,000 of General Obligation Sales Tax Bonds, Series 2022. The proceeds from the bonds are to be used to fund a portion of the 2022 TSPLOST City of Locust Grove projects. The bonds are direct and general obligations of the City. The principal of and interest on the Bonds are payable first from a one percent sales and use tax received by the City. To the extent that the proceeds of the Sales and Use Tax received by the

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**10. Long-Term Debt (continued)**

**Governmental Activities, continued**

**General Obligation Bonds, continued**

City are insufficient to make such payments, the principal of and interest on the Bonds are payable from an ad valorem tax, unlimited as to rate or amount, which may be levied upon all taxable property within the territorial limits of the City subject to taxation for general obligation bond purposes.

The annual requirements to amortize general obligation bonds payable, including interest at 5.0%, at the end of the current fiscal year are as follows:

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 1,230,000	\$ 317,000	\$ 1,547,000
2024	1,360,000	252,250	1,612,250
2025	1,435,000	182,375	1,617,375
2026	1,455,000	110,125	1,565,125
2027	1,475,000	36,875	1,511,875
Totals	<u>\$ 6,955,000</u>	<u>\$ 898,625</u>	<u>\$ 7,853,625</u>

**Business-Type Activities**

**Bonds Payable from Direct Placement**

Revenue bonds have been issued for business-type activities and are comprised of the following at December 31, 2022:

On May 10, 2016, the City issued \$6,785,000 in Water and Sewerage Refunding Revenue Bonds, Series 2016, with an interest rate of 2%. The \$6,785,000 revenue bonds are due in semi-annual installments through April 1, 2029; interest at 2.00% (\$3,260,000 outstanding), for the refunding of the 2013 Water and Sewerage Revenue Series Bonds, which were issued for the expansion of the water and sewer system in the City of Locust Grove. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable and

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*December 31, 2022*

**10. Long-Term Debt (continued)**

**Business-Type Activities, continued**

**Bonds Payable from Direct Placement, continued**

the bondholders may proceed to protect and enforce the rights of the bondholders by a suit, action, or special proceeding in equity, or at law, either for the appointment of a receiver of the water/sewer system. The bonds are secured by a pledger of the net revenues derived from the operation of the water/sewer system.

Annual debt service requirements for bonds payable from direct placement are as follows:

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 595,000	\$ 59,250	\$ 654,250
2024	605,000	47,250	652,250
2025	575,000	35,450	610,450
2026	590,000	23,800	613,800
2027	405,000	13,850	418,850
2028-2029	490,000	7,700	497,700
Totals	<u>\$ 3,260,000</u>	<u>\$ 187,300</u>	<u>\$ 3,447,300</u>

**Notes from Direct Borrowings**

During the year ended December 31, 2020, the City entered into a \$174,000 note payable with a financial institution to purchase a vehicle. The note has a balance of \$106,852 at December 31, 2022, bears interest at 2.285%, requires annual payments of \$37,365, and matures on August 10, 2025. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes, fees, and charges collected by the City.

During the year ended December 31, 2019, the City entered into a \$154,000 note payable with a financial institution to purchase equipment. The note has a balance of \$64,825 at December 31, 2021, bears interest at 3.385%, requires annual payments of \$34,046, and matures on December 19, 2024. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes, fees, and charges collected by the City.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**10. Long-Term Debt (continued)**

**Business-Type Activities, continued**

**Notes from Direct Borrowings, continued**

During the year ended December 31, 2018, the City entered into a \$104,000 note payable with a financial institution to purchase equipment. The note bears interest at 3.445%, requires annual payments of \$23,034, was paid in full during the year December 31, 2022.

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

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 66,605	\$ 4,806	\$ 71,411
2024	68,618	2,881	71,499
2025	36,453	882	37,335
Totals	<u>\$ 171,676</u>	<u>\$ 8,569</u>	<u>\$ 180,245</u>

**11. Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities</b>					
Bonds payable	\$ 0	\$ 6,955,000	\$ 0	\$ 6,955,000	\$ 1,230,000
Original issue premium	0	819,176	(136,530)	682,646	136,529
Net bonds payable	0	7,774,176	(136,530)	7,637,646	1,366,529
Compensated absences	524,401	653,070	(524,401)	653,070	653,070
Total governmental activities	<u>\$ 524,401</u>	<u>\$ 8,427,246</u>	<u>\$ (660,931)</u>	<u>\$ 8,290,716</u>	<u>\$ 2,019,599</u>
<b>Business-type activities</b>					
Bonds from direct placement	\$ 3,855,000	\$ 0	\$ (595,000)	\$ 3,260,000	\$ 595,000
Notes from direct borrowings	258,831	0	(87,155)	171,676	66,605
Compensated absences	49,717	83,049	(49,717)	83,049	83,049
Total business-type activities	<u>\$ 4,163,548</u>	<u>\$ 83,049</u>	<u>\$ (731,872)</u>	<u>\$ 3,514,725</u>	<u>\$ 744,654</u>



**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**11. Long-Term Liabilities (continued)**

Revenue bond discounts/premiums are amortized over the life of the related debt using the straight-line method. In prior years, compensated absences of the governmental activities were liquidated in the General Fund.

Total interest expense governmental activities is \$343,931 and \$70,626 for the business-type activities.

**12. Unearned Revenue**

In a prior period the City received water and sewer connection fees from private developers in the amount of \$7,369,600. As a result of the payment, the developers own credits to be applied to future water and sewer connections for subsequent development projects. The developers subsequently transferred the credits to a bank as part of a settlement agreement. At year end, the bank held \$2,582,949 in connection fee credits toward future water and sewer connections in the City. During the year the City recognized \$93,921 in water and sewer connection fees related to the use of these credits.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**13. Nonspendable, Restricted, Committed, and Assigned Fund Balances**

The following is a summary of nonspendable, restricted, committed, and assigned fund balances of the governmental funds for the year ended December 31, 2022:

	<u>General</u>	<u>SPLOST</u>	<u>TSPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>					
Prepaid items	\$ 45,278	\$ 0	\$ 0	\$ 1,270	\$ 46,548
<b>Restricted for:</b>					
Public Safety					
Police facilities and equipment	\$ 0	\$ 0	\$ 0	\$ 14,529	\$ 14,529
Public Works					
Tree Replacement	54,120	0	0	0	54,120
Housing and Development					
Promotion of tourism, conventions and trade shows	0	0	0	377,198	377,198
Capital Projects	0	4,220,742	7,512,690	1,985,002	13,718,434
	<u>\$ 54,120</u>	<u>\$ 4,220,742</u>	<u>\$ 7,512,690</u>	<u>\$ 2,376,729</u>	<u>\$ 14,164,281</u>
<b>Assigned for:</b>					
Subsequent year's budget	\$ 684,585	\$ 0	\$ 0	\$ 0	\$ 684,585
Governmental projects	3,000,000	0	0	0	3,000,000
Housing and Development					
Promotion of tourism, conventions and trade shows	0	0	0	758,127	758,127
	<u>\$ 3,684,585</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 758,127</u>	<u>\$ 4,442,712</u>

**14. Pension Plan**

*Plan Description.* The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The City has established provisions, which assign the authority to the City council members to establish and amend the benefit provisions of the plan.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**14. Pension Plan (continued)**

Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the City but shall be allocated to employees. All employees are eligible for immediate participation. Officials are covered under the plan and are eligible for immediate participation.

There are no loans to any of the City officials or other “party-in-interest,” and there are no prohibited transactions. The plan assets do not include any securities or investments in the City of Locust Grove. The funds are managed by independent money managers.

The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.

At July 1, 2022, the date of the most recent actuarial valuation, the City had the following participants:

Retirees and beneficiaries currently receiving benefits	19
Terminated vested participants entitled to but not yet receiving benefits	43
Active participants	73
Total number of participants	135

*Benefits Provided.* The plan provides retirement, disability, and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Members with thirty years of total service are eligible to retire at age 62 with no reduction in benefit. Officials are eligible to retire at age 65 with no reduction of benefits. Members are eligible for early retirement with reduced benefits at age 55 after 10 years of service. The benefit formula is 2.0% with a ten year vesting schedule for terminations.

*Contributions.* Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. The City’s actuarially determined contribution rate for the current year was \$323,408, or 7.10% of covered payroll. The City’s covered payroll for employees participating in the Plan for the current year was \$4,555,298. The Council provides for

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**14. Pension Plan (continued)**

the benefits and funding policy through City ordinance and maintains the authority to change the policy. The administrative expenses set by contract with GMEBS are in addition to the state-required annual funding requirement. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At the end of the current year, the City reported a net pension liability of \$1,704,912. The net pension liability was measured as of March 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. For the governmental activities, the net pension liability is liquidated by the General Fund. For the current year, the City recognized pension expense in the amount of \$348,274.

At the end of the current year, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 684,770	\$ (8,548)
Changes of assumptions	6,395	(4,180)
Net difference between projected and actual earnings on pension plan investments	0	(380,302)
Changes in participant fund allocation	37,669	(37,669)
City contributions subsequent to the measurement date	242,555	0
Totals	<u>\$ 971,389</u>	<u>\$ (430,699)</u>

The \$242,555 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability during the next year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**14. Pension Plan (continued)**

Year Ending December 31,	
2023	\$ 119,687
2024	80,928
2025	3,702
2026	93,818
Totals	<u>\$ 298,135</u>

*Actuarial Assumptions.* The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	2.25% plus service based merit increases
Cost of living adjustments	N/A
Net investment rate of return	7.375%

Healthy mortality rates were based on the Sex-Distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the Sex-Distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

The mortality and economic actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**14. Pension Plan (continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
Total	<u>100%</u>	

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

*Changes in Net Pension Liability*

	<u>Total Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
<b>Balances at 3/31/2021</b>	<b>\$ 5,193,929</b>	<b>\$ 3,976,440</b>	<b>\$ 1,217,489</b>
<b>Changes for the year:</b>			
Service cost	168,597	0	168,597
Interest	389,234	0	389,234
Differences between expected and actual experience	415,201	0	415,201
Contributions—employer	0	254,802	(254,802)
Net investment income	0	242,100	(242,100)
Benefit payments, including refunds of employee contributions	(169,556)	(169,556)	0
Administrative expense	0	(11,293)	11,293
<b>Net changes</b>	<u>803,476</u>	<u>316,053</u>	<u>487,423</u>
<b>Balances at 3/31/2022</b>	<u><b>\$ 5,997,405</b></u>	<u><b>\$ 4,292,493</b></u>	<u><b>\$ 1,704,912</b></u>

Plan fiduciary net position as a percentage of the total pension liability	71.57%
Covered payroll	\$ 3,664,716
Employer's net pension liability as percentage of covered payroll	46.52%

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**14. Pension Plan (continued)**

*Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate.* The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.375 percent) or one percentage-point higher (8.375 percent) than the current rate:

	<b>Discount Rate</b>	<b>Net Pension Liability (Asset)</b>
1% decrease	6.375%	\$ 2,593,736
Current discount rate	7.375%	1,704,912
1% increase	8.375%	970,770

*Plan Fiduciary Net Position.* Detailed information about the Plan’s fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

*Other Plans.* In addition to the plan above, various City employees are covered under the Peace Officers’ Annuity and Benefit Fund of Georgia. Further information regarding this plan can be obtained from the plan’s annual report. This plan is immaterial to the financial statements.

**15. Deferred Compensation Plans**

The City provides retirement benefits for its employees through a deferred compensation plan called The City of Locust Grove Deferred Compensation Plan (“Plan”). The Plan is created under Internal Revenue Code Sections 457. The Plan is administered by the Securian Retirement Services, an independent third party. Investments are managed by the Plan trustee under one of three investment options, or a combination thereof, as selected by the participant. The Plan, which is available to all employees, permits them to defer a portion of their salary until future years. Participation in the Plan is elective and is not mandatory. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy.

Under the terms of the Plans, employees may defer a portion of their salary through voluntary contributions to the Plan. Employees may defer a maximum of 25% of their salary, up to the maximum allowable by federal law. The City will contribute 2% of the employee’s compensation per year for all employees who contribute 5% or more of their compensation and have incurred one year of service. Matching contributions vest immediately. At the end of the current year, there were 28 members of the Plans.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**15. Deferred Compensation Plans (continued)**

There is a cap of \$1,000 per eligible employee for City contributions. Funds are vested 100% at the time of contribution. Amounts held in the Plans are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During the current year, the City contributed \$51,945 to the plans based on covered salaries of \$1,968,012. Plan members made voluntary contributions of \$127,979 to the plans. Total payroll was \$4,474,337.

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

**16. Joint Ventures**

Under Georgia law, the City, in conjunction with other cities and counties in the metropolitan Atlanta area, is a member of the Atlanta Regional Commission (“ARC”) and is required to pay annual dues thereto. Membership in an ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an ARC. Separate financial statements may be obtained from Atlanta Regional Commission, 229 Peachtree Street, #100, Atlanta, Georgia 30503.



**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**17. Hotel/Motel Lodging Tax**

The City has levied an 8% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(b)(2). The City is required to spend, of the total taxes collected, an amount equal to at least 43.75% for the purpose of promoting tourism, conventions, and trade shows and 18.75% for the purpose of tourism product development in the downtown area. A summary of the transactions for the year ending December 31, 2022 follows:

Lodging tax receipts	\$1,194,303
Disbursements to promote tourism, conventions, and trade shows and tourism product development in the downtown area.	\$738,807 61.86% of tax receipts
Transfers to General Fund	\$ 96,250 8.05% of tax receipts

**18. Risk Management**

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

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

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

**19. Commitments and Contingencies**

At year end, the City had amounts outstanding on construction commitments with contractors totaling \$2,071,437 for resurfacing and roadway improvement projects.

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

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**20. Transportation Expenditures**

Amounts expended on transportation include transportation maintenance and operation costs and correspond with classifications and subclassifications specified in the local government uniform chart of accounts under subsection (e) of Code Section 36-81-3 within section 4200, including noncapital expenditures within sections 4210-4290.

Total general fund expenditures within these categories totaled \$1,393,357 for the current year.

**21. Material Budget Violations**

The following General Fund department's expenditures exceeded its budgeted appropriations by more than three percent:

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
Mayor and Council	\$ 174,950	\$ 181,917	\$ (6,967)

In the future, actual expenditures will be compared to budgeted expenditures and budget amendments will be made when appropriate.

**22. Changes in Beginning Balances**

***Business Type Activities***

**Water and Sewer Fund**

A prior period adjustment has been made to adjust the beginning balances of leases receivable and deferred inflows of resources – leases. This adjustment was required due to the implementation of GASB Statement No. 87, *Leases* and has increased beginning net position in the Water and Sewer Fund by \$49,582.

**23. New Accounting Pronouncements**

The City implemented GASB Statement No. 87, *Leases*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LOCUST GROVE, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**For the year ended December 31, 2022**  
**(Unaudited)**

	Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>								
Service cost	\$ 168,597	\$ 141,761	\$ 130,947	\$ 102,392	\$ 114,007	\$ 119,528	\$ 104,748	\$ 74,722
Interest	389,234	321,625	304,198	264,456	236,950	227,535	206,702	181,677
Differences between expected and actual experience	415,201	566,669	(21,369)	2,589	70,462	(137,342)	41,791	167,555
Changes of assumptions	0	0	(10,451)	0	38,371	0	0	(17,971)
Changes of benefit terms	0	0	0	233,519			0	0
Benefit payments, including refunds of employee contributions	<u>(169,556)</u>	<u>(110,772)</u>	<u>(107,415)</u>	<u>(95,823)</u>	<u>(91,224)</u>	<u>(85,250)</u>	<u>(83,598)</u>	<u>(82,566)</u>
Net change in total pension liability	803,476	919,283	295,910	507,133	368,566	124,471	269,643	323,417
Total pension liability - beginning	<u>5,193,929</u>	<u>4,274,646</u>	<u>3,978,736</u>	<u>3,471,603</u>	<u>3,103,037</u>	<u>2,978,566</u>	<u>2,708,923</u>	<u>2,385,506</u>
<b>Total pension liability - ending (a)</b>	<u><b>5,997,405</b></u>	<u><b>5,193,929</b></u>	<u><b>4,274,646</b></u>	<u><b>3,978,736</b></u>	<u><b>3,471,603</b></u>	<u><b>3,103,037</b></u>	<u><b>\$ 2,978,566</b></u>	<u><b>\$ 2,708,923</b></u>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 254,802	\$ 231,163	\$ 183,219	\$ 157,901	\$ 157,840	\$ 141,537	\$ 114,820	\$ 124,851
Net investment income	242,100	1,216,728	(204,152)	96,959	288,521	254,578	6,713	171,322
Benefit payments, including refunds of employee contributions	(169,556)	(110,772)	(107,415)	(95,823)	(91,224)	(85,250)	(83,598)	(82,566)
Administrative expense	<u>(11,293)</u>	<u>(10,627)</u>	<u>(11,325)</u>	<u>(11,721)</u>	<u>(10,094)</u>	<u>(10,015)</u>	<u>(6,438)</u>	<u>(5,206)</u>
Net change in total pension liability	316,053	1,326,492	(139,673)	147,316	345,043	300,850	31,497	208,401
Plan fiduciary net position - beginning	<u>3,976,440</u>	<u>2,649,948</u>	<u>2,789,621</u>	<u>2,642,305</u>	<u>2,297,262</u>	<u>1,996,412</u>	<u>1,964,915</u>	<u>1,756,514</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><b>\$ 4,292,493</b></u>	<u><b>\$ 3,976,440</b></u>	<u><b>\$ 2,649,948</b></u>	<u><b>\$ 2,789,621</b></u>	<u><b>\$ 2,642,305</b></u>	<u><b>\$ 2,297,262</b></u>	<u><b>\$ 1,996,412</b></u>	<u><b>\$ 1,964,915</b></u>
<b>Net pension liability (asset) - ending : (a) - (b)</b>	<u><b>\$ 1,704,912</b></u>	<u><b>\$ 1,217,489</b></u>	<u><b>\$ 1,624,698</b></u>	<u><b>\$ 1,189,115</b></u>	<u><b>\$ 829,298</b></u>	<u><b>\$ 805,775</b></u>	<u><b>\$ 982,154</b></u>	<u><b>\$ 744,008</b></u>
Plan's fiduciary net position as a percentage of the total pension liability	71.57%	76.56%	61.99%	70.11%	76.11%	74.03%	67.03%	72.53%
Covered payroll	\$ 3,664,716	\$ 3,461,296	\$ 3,159,596	\$ 2,594,568	\$ 2,143,962	\$ 2,173,333	\$ 2,278,667	\$ 2,152,833
Net pension liability as a percentage of covered payroll	46.52%	35.17%	51.42%	45.83%	38.68%	37.08%	43.10%	34.56%

Note: Fiscal year 2015 was the first year of implementation. Therefore, years prior to 2015 are not reported.

**CITY OF LOCUST GROVE, GEORGIA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**For the year ended December 31, 2022**  
**(Unaudited)**

	Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 323,408	\$ 230,906	\$ 167,323	\$ 154,360	\$ 167,323	\$ 159,400	\$ 135,583	\$ 107,899
Contributions in relation to the actuarially determined contribution	<u>(323,408)</u>	<u>(230,906)</u>	<u>(167,323)</u>	<u>(154,360)</u>	<u>(167,323)</u>	<u>(159,400)</u>	<u>(135,583)</u>	<u>(107,899)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 4,555,298	\$ 3,769,489	\$ 3,461,296	\$ 2,594,568	\$ 2,143,962	2,173,333	\$ 2,278,667	\$ 2,152,833
Contributions as a percentage of covered payroll	7.10%	6.13%	4.83%	5.95%	7.80%	7.33%	5.95%	5.01%

Note: Fiscal year 2015 was the first year of implementation. Therefore, years prior to 2015 are not reported.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2022**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of January 1, 2022, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending December 31, 2023.

**2. Methods and Assumptions Used to Determine Contribution Rates**

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 14 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.375%

Projected salary increases = 2.25% plus service based merit increases

Cost of living adjustments = N/A

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the Sex-Distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the Sex-Distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2022**

**3. Changes in Benefits**

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

**4. Changes of Assumptions**

There were no changes in assumptions in the last two fiscal years.

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**SUPPLEMENTARY INFORMATION**

***COMBINING STATEMENTS***  
***NONMAJOR GOVERNMENTAL FUNDS***

**CITY OF LOCUST GROVE, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2022**

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Confiscated Assets</u>	<u>Hotel/Motel Tax</u>	<u>Developmental Impact</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,529	\$ 1,128,559	\$ 1,985,002	\$ 3,128,090
Taxes receivable	0	90,787	0	90,787
Prepaid items	0	1,270	0	1,270
<b>Total assets</b>	<u>\$ 14,529</u>	<u>\$ 1,220,616</u>	<u>\$ 1,985,002</u>	<u>\$ 3,220,147</u>
<b>LIABILITIES</b>				
Accounts payable	0	82,180	0	82,180
Accrued salaries and expenses	0	1,841	0	1,841
<b>Total liabilities</b>	<u>0</u>	<u>84,021</u>	<u>0</u>	<u>84,021</u>
<b>FUND BALANCES</b>				
Nonspendable for prepaid items	0	1,270	0	1,270
Restricted:				
Public Safety	14,529	0	0	14,529
Housing and Development	0	377,198	0	377,198
Capital projects			1,985,002	1,985,002
Assigned for Housing and Development	0	758,127	0	758,127
<b>Total fund balances</b>	<u>14,529</u>	<u>1,136,595</u>	<u>1,985,002</u>	<u>3,136,126</u>
<b>Total liabilities and fund balances</b>	<u>\$ 14,529</u>	<u>\$ 1,220,616</u>	<u>\$ 1,985,002</u>	<u>\$ 3,220,147</u>

**CITY OF LOCUST GROVE, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the year ended December 31, 2022**

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel/Motel Tax	Developmental Impact	
<b>REVENUES</b>				
Taxes	\$ 0	\$ 1,194,303	\$ 0	\$ 1,194,303
Fines, fees, and forfeitures	15,291	0	0	15,291
Charges for services	0	0	517,527	517,527
Interest	0	74	1,405	1,479
<b>Total revenues</b>	<u>15,291</u>	<u>1,194,377</u>	<u>518,932</u>	<u>1,728,600</u>
<b>EXPENDITURES</b>				
Current				
Public Safety	10,000	0	0	10,000
Housing and Development	0	738,807	0	738,807
Capital outlay	0	0	2,780	2,780
<b>Total expenditures</b>	<u>10,000</u>	<u>738,807</u>	<u>2,780</u>	<u>751,587</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	5,291	455,570	516,152	977,013
Other Financing Sources (Uses)				
Transfers out	0	(96,250)	0	(96,250)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	5,291	359,320	516,152	880,763
Fund balances, January 1	9,238	777,275	1,468,850	2,255,363
<b>Fund balances, December 31</b>	<u>\$ 14,529</u>	<u>\$ 1,136,595</u>	<u>\$ 1,985,002</u>	<u>\$ 3,136,126</u>

***GENERAL FUND***

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

**CITY OF LOCUST GROVE, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEETS**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,688,724	\$ 5,077,996
Restricted assets		
Cash and cash equivalents	54,120	54,120
Receivables (net)		
Accounts	6,591	4,880
Taxes	1,002,807	828,675
Due from other funds	387,171	56,910
Prepaid items	<u>45,278</u>	<u>40,777</u>
<b>Total assets</b>	<u><u>\$ 10,184,691</u></u>	<u><u>\$ 6,063,358</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 77,743	\$ 14,205
Accrued salaries and expenses	87,970	92,812
Due to other funds	609,072	470,700
Due to others	<u>83,554</u>	<u>90,777</u>
<b>Total liabilities</b>	<u>858,339</u>	<u>668,494</u>
<b>FUND BALANCES</b>		
Nonspendable prepaid items	45,278	40,777
Restricted for Public Works	54,120	54,120
Assigned for budget	684,585	924,380
Assigned for government projects	3,000,000	0
Unassigned	<u>5,542,369</u>	<u>4,375,587</u>
<b>Total fund balances</b>	<u>9,326,352</u>	<u>5,394,864</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 10,184,691</u></u>	<u><u>\$ 6,063,358</u></u>

**CITY OF LOCUST GROVE, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the years ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Taxes	\$ 6,066,563	\$ 5,265,458
Licenses and permits	908,997	988,189
Fines, fees and forfeitures	743,884	537,743
Charges for services	899,831	1,026,248
Intergovernmental	26,377	170,864
Interest	29,072	12,720
Other	93,887	54,980
	<u>8,768,611</u>	<u>8,056,202</u>
<b>Total revenues</b>		
<b>EXPENDITURES</b>		
Current		
General Government	1,812,737	1,534,260
Judicial	427,509	346,015
Public Safety	3,088,663	2,894,875
Public Works	1,468,273	2,540,096
Culture and Recreation	71,170	52,083
Housing and Development	1,143,257	861,315
	<u>8,011,609</u>	<u>8,228,644</u>
<b>Total expenditures</b>		
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>757,002</u>	<u>(172,442)</u>
Other Financing Sources (Uses)		
Transfers in (out)		
American Rescue Plan Act	3,078,236	0
Hotel/Motel Tax Fund	96,250	90,000
Confiscated Assets Fund	0	(22,915)
Proceeds from sale of assets	0	82,500
	<u>3,174,486</u>	<u>149,585</u>
<b>Total other financing sources (uses)</b>		
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,931,488	(22,857)
Fund balances, January 1	<u>5,394,864</u>	<u>5,417,721</u>
<b>Fund balances, December 31</b>	<u><u>\$ 9,326,352</u></u>	<u><u>\$ 5,394,864</u></u>

**CITY OF LOCUST GROVE, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2022**  
*(with comparative totals for the year ended December 31, 2021)*

	<b>2022</b>			<b>2021</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
<b>Taxes</b>				
Motor vehicle and title ad valorem tax	\$ 275,000	\$ 352,243	\$ 77,243	\$ 335,371
Local option sales tax	3,100,000	3,418,950	318,950	3,103,441
Intangible tax	65,000	59,725	(5,275)	85,608
Real estate transfer tax	37,500	40,108	2,608	37,299
Franchise tax	472,000	707,071	235,071	556,320
Insurance premium tax	800,000	798,942	(1,058)	480,477
Alcohol tax	435,000	380,756	(54,244)	432,688
Occupational tax	297,500	273,216	(24,284)	218,820
Street Lighting tax	35,000	35,552	552	15,434
Other taxes	1,750	0	(1,750)	0
<b>Total taxes</b>	<b>5,518,750</b>	<b>6,066,563</b>	<b>547,813</b>	<b>5,265,458</b>
<b>Licenses and Permits</b>				
Building permits	905,000	810,447	(94,553)	870,489
Alcohol licenses and penalties	66,500	66,600	100	92,600
Regulatory fees	0	31,950	31,950	25,100
<b>Total licenses and permits</b>	<b>971,500</b>	<b>908,997</b>	<b>(62,503)</b>	<b>988,189</b>
<b>Fines, fees and forfeitures</b>	<b>720,000</b>	<b>743,884</b>	<b>23,884</b>	<b>537,743</b>
<b>Charges for Services</b>				
Cemetery lot sales	30,525	2,400	(28,125)	8,600
Police charges	8,500	7,755	(745)	9,538
Planning and zoning charges	158,500	122,363	(36,137)	191,450
Indirect expenses	921,750	748,688	(173,062)	815,250
Other	100	18,625	18,525	1,410
<b>Total charges for services</b>	<b>1,119,375</b>	<b>899,831</b>	<b>(219,544)</b>	<b>1,026,248</b>
<b>Intergovernmental</b>	<b>300,750</b>	<b>26,377</b>	<b>(274,373)</b>	<b>170,864</b>
<b>Interest</b>	<b>19,025</b>	<b>29,072</b>	<b>10,047</b>	<b>12,720</b>
<b>Other</b>	<b>78,100</b>	<b>93,887</b>	<b>15,787</b>	<b>54,980</b>
<b>Total revenues</b>	<b>\$ 8,727,500</b>	<b>\$ 8,768,611</b>	<b>\$ 41,111</b>	<b>\$ 8,056,202</b>



**CITY OF LOCUST GROVE, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2022**  
*(with comparative totals for the year ended 2021)*

	<b>2022</b>			<b>2021</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
Mayor and Council				
Personal services	\$ 96,700	\$ 94,903	\$ 1,797	\$ 85,593
Contractual services	76,250	86,786	(10,536)	61,750
Materials and supplies	2,000	228	1,772	1,220
Total Mayor and Council	<u>174,950</u>	<u>181,917</u>	<u>(6,967)</u>	<u>148,563</u>
Administration				
Personal services	895,250	876,889	18,361	778,816
Contractual services	512,528	531,494	(18,966)	429,973
Materials and supplies	127,650	122,930	4,720	134,332
Capital outlay	275,000	99,507	175,493	42,576
Total Administration	<u>1,810,428</u>	<u>1,630,820</u>	<u>179,608</u>	<u>1,385,697</u>
Total General Government	<u>1,985,378</u>	<u>1,812,737</u>	<u>172,641</u>	<u>1,534,260</u>
<b>Judicial</b>				
Municipal Court				
Personal services	162,500	157,685	4,815	104,614
Contract services	90,900	92,784	(1,884)	46,318
Materials and supplies	16,450	8,764	7,686	16,583
Capital outlay	22,250	0	22,250	0
Payments to others	169,750	168,276	1,474	178,500
Total Municipal Court	<u>461,850</u>	<u>427,509</u>	<u>34,341</u>	<u>346,015</u>
<b>Public Safety</b>				
Police				
Personal services	2,328,000	2,258,688	69,312	2,052,590
Contractual services	451,500	485,505	(34,005)	396,166
Materials and supplies	134,000	165,761	(31,761)	220,614
Capital outlay	241,000	178,709	62,291	225,505
Payments to others	5,000	0	5,000	0
Total Police	<u>3,159,500</u>	<u>3,088,663</u>	<u>70,837</u>	<u>2,894,875</u>

**CITY OF LOCUST GROVE, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2022**  
*(with comparative totals for the year ended 2021)*

	<b>2022</b>			<b>2021</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>Public Works</b>				
Streets				
Personal services	\$ 831,500	\$ 802,430	\$ 29,070	\$ 717,156
Contractual services	470,500	220,710	249,790	1,180,450
Materials and supplies	298,990	266,893	32,097	309,852
Capital outlay	448,000	103,324	344,676	318,174
Total Streets	<u>2,048,990</u>	<u>1,393,357</u>	<u>655,633</u>	<u>2,525,632</u>
Fleet Maintenance				
Personal services	55,500	30,803	24,697	0
Contractual services	51,200	5,392	45,808	0
Materials and supplies	21,440	12,271	9,169	7,588
Capital outlay	2,500	0	2,500	0
Total Fleet Maintenance	<u>130,640</u>	<u>48,466</u>	<u>82,174</u>	<u>7,588</u>
Cemetery				
Contractual services	500	0	500	5,076
Materials and supplies	50	26,450	(26,400)	1,800
Capital outlay	30,000	0	30,000	0
Total Cemetery	<u>30,550</u>	<u>26,450</u>	<u>4,100</u>	<u>6,876</u>
Total Public Works	<u>2,210,180</u>	<u>1,468,273</u>	<u>741,907</u>	<u>2,540,096</u>
<b>Culture and Recreation</b>				
Parks and Recreation				
Contractual services	28,500	24,374	4,126	26,148
Materials and supplies	46,500	40,389	6,111	17,293
Capital outlay	12,500	6,407	6,093	8,642
Total Parks and Recreation	<u>87,500</u>	<u>71,170</u>	<u>16,330</u>	<u>52,083</u>
<b>Housing and Development</b>				
Community Development				
Personal services	584,000	586,948	(2,948)	375,296
Contractual services	515,700	429,838	85,862	402,770
Materials and supplies	43,740	68,271	(24,531)	50,474
Capital outlay	95,500	58,200	37,300	32,775
Total Community Development	<u>1,238,940</u>	<u>1,143,257</u>	<u>95,683</u>	<u>861,315</u>
<b>Total expenditures</b>	<u><u>\$ 9,143,348</u></u>	<u><u>\$ 8,011,609</u></u>	<u><u>\$ 1,131,739</u></u>	<u><u>\$ 8,228,644</u></u>

## ***SPECIAL REVENUE FUNDS***

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Confiscated Assets Fund - Used to account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from illegal drug activities.

American Rescue Plan Act Fund - Used to account for projects financed from the assistance from the American Rescue Plan Act of 2021.

Hotel/Motel Tax Fund - Used to collect Hotel/Motel taxes which are used to support trade and tourism in the City of Locust Grove.

**CITY OF LOCUST GROVE, GEORGIA**  
**CONFISCATED ASSETS SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2022 and 2021*

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,529	\$ 9,238
 <b>FUND BALANCES</b>		
Restricted for Public Safety	\$ 14,529	\$ 9,238

**CITY OF LOCUST GROVE, GEORGIA**  
**CONFISCATED ASSETS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2022**  
*(with comparative totals for the year ended December 31, 2021)*

	<u>2022</u>			<u>2021</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Fines, fees, and forfeitures	\$ 22,000	\$ 15,291	\$ (6,709)	\$ 7,995
Interest	0	0	0	24
<b>Total revenues</b>	<u>22,000</u>	<u>15,291</u>	<u>(6,709)</u>	<u>8,019</u>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Materials and supplies	0	10,000	(10,000)	364
Capital outlay	15,000	0	15,000	88,263
<b>Total expenditures</b>	<u>15,000</u>	<u>10,000</u>	<u>5,000</u>	<u>88,627</u>
Excess (deficiency) of revenues over (under) expenditures	7,000	5,291	(1,709)	(80,608)
Other Financing Sources (Uses)				
Transfers in (out)				
General Fund	0	0	0	22,915
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	7,000	5,291	(1,709)	(57,693)
Fund balances, January 1	<u>(7,000)</u>	<u>9,238</u>	<u>16,238</u>	<u>66,931</u>
<b>Fund balances, December 31</b>	<u>\$ 0</u>	<u>\$ 14,529</u>	<u>\$ 14,529</u>	<u>\$ 9,238</u>

**CITY OF LOCUST GROVE, GEORGIA**  
**AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2022 and 2021*

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 0	\$ 1,539,118
<b>Total assets</b>	<b>\$ 0</b>	<b>\$ 1,539,118</b>
 <b>LIABILITIES</b>		
Unearned revenue	\$ 0	\$ 1,539,118
<b>Total liabilities</b>	<b>\$ 0</b>	<b>\$ 1,539,118</b>

**CITY OF LOCUST GROVE, GEORGIA**  
**AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2022**  
*(with comparative totals for the year ended December 31, 2021)*

	2022			2021
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 0	\$ 3,078,236	\$ 3,078,236	\$ 0
<b>Total revenues</b>	<u>0</u>	<u>3,078,236</u>	<u>3,078,236</u>	<u>0</u>
<b>EXPENDITURES</b>				
Excess (deficiency) of revenues over (under) expenditures	0	3,078,236	(3,078,236)	0
Other Financing Sources (Uses)				
Transfers in (out)				
General Fund	<u>0</u>	<u>(3,078,236)</u>	<u>3,078,236</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, January 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**CITY OF LOCUST GROVE, GEORGIA**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,128,559	\$ 696,098
Taxes receivable	90,787	76,253
Prepaid items	1,270	1,140
Due from other funds	0	5,823
<b>Total assets</b>	<b>\$ 1,220,616</b>	<b>\$ 779,314</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 82,180	\$ 0
Accrued salaries and expenses	1,841	2,039
<b>Total liabilities</b>	<b>84,021</b>	<b>2,039</b>
<b>FUND BALANCES</b>		
Nonspendable prepaid items	1,270	1,140
Restricted for Housing and Development	377,198	369,519
Assigned for Housing and Development	758,127	406,616
<b>Total fund balances</b>	<b>1,136,595</b>	<b>777,275</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,220,616</b>	<b>\$ 779,314</b>



**CITY OF LOCUST GROVE, GEORGIA**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2022**  
*(with comparative totals for the year ended December 31, 2021)*

	<u>2022</u>			<u>2021</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Hotel/motel taxes	\$ 1,160,000	\$ 1,194,303	\$ 34,303	\$ 806,220
Contributions	100	0	(100)	0
Interest	100	74	(26)	73
<b>Total revenues</b>	<u>1,160,200</u>	<u>1,194,377</u>	<u>34,177</u>	<u>806,293</u>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Personal services	125,200	107,297	17,903	93,753
Contract services	82,900	50,794	32,106	48,088
Materials and supplies	61,600	54,256	7,344	17,589
Capital outlay	253,200	0	253,200	0
Agency allocations	455,000	526,460	(71,460)	351,785
<b>Total expenditures</b>	<u>977,900</u>	<u>738,807</u>	<u>239,093</u>	<u>511,215</u>
Excess (deficiency) of revenues over (under) expenditures	182,300	455,570	273,270	295,078
Other Financing Sources (Uses)				
Transfers in (out)				
General Fund	<u>(115,000)</u>	<u>(96,250)</u>	<u>18,750</u>	<u>(90,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	67,300	359,320	292,020	205,078
Fund balances, January 1	<u>(67,300)</u>	<u>777,275</u>	<u>844,575</u>	<u>572,197</u>
<b>Fund balances, December 31</b>	<u>\$ 0</u>	<u>\$ 1,136,595</u>	<u>\$ 1,136,595</u>	<u>\$ 777,275</u>

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## ***CAPITAL PROJECTS FUNDS***

These funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Developmental Impact Fund – Used to account for impact fees collected by the City to be used on capital improvements for parks, police and streets.

Special Purpose Local Option Sales Tax Fund – Used to account for long-term projects financed by the passage of the special purpose local option sales tax IV and V.

Transportation Special Purpose Local Option Sales Tax Fund – Used to account for projects financed by the passage of the transportation special purpose local option sales tax.

**CITY OF LOCUST GROVE, GEORGIA**  
**DEVELOPMENTAL IMPACT CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2022 and 2021*

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,985,002	\$ 1,468,850
 <b>LIABILITIES</b>		
 <b>FUND BALANCES</b>		
Restricted for capital projects	\$ 1,985,002	\$ 1,468,850
<b>Total liabilities and fund balances</b>	<b>\$ 1,985,002</b>	<b>\$ 1,468,850</b>

**CITY OF LOCUST GROVE, GEORGIA**  
**DEVELOPMENTAL IMPACT CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
*For the years ended December 31, 2022 and 2021*

	<b>2022</b>	<b>2021</b>
<b>REVENUES</b>		
Charges for services	\$ 517,527	\$ 809,487
Interest	1,405	243
	<b>Total revenues</b>	<b>809,730</b>
	518,932	809,730
<b>EXPENDITURES</b>		
Capital outlay		
Recreation	2,780	153,048
	<b>Total expenditures</b>	<b>153,048</b>
	2,780	153,048
Excess (deficiency) of revenues over (under) expenditures	516,152	656,682
Fund balances, January 1	1,468,850	812,168
<b>Fund balances, December 31</b>	<b>\$ 1,985,002</b>	<b>\$ 1,468,850</b>

**CITY OF LOCUST GROVE, GEORGIA**  
**SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,461,741	\$ 1,492,317
Intergovernmental receivable	126,263	840,596
<b>Total assets</b>	<b>\$ 4,588,004</b>	<b>\$ 2,332,913</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 55,927	\$ 4,093
Retainages payable	12,482	0
Due to other funds	298,853	0
Total liabilities	367,262	4,093
<b>FUND BALANCES</b>		
Restricted for capital projects	4,220,742	2,328,820
<b>Total liabilities and fund balances</b>	<b>\$ 4,588,004</b>	<b>\$ 2,332,913</b>

**CITY OF LOCUST GROVE, GEORGIA**  
**SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
*For the years ended December 31, 2022 and 2021*

	<b>2022</b>	<b>2021</b>
<b>REVENUES</b>		
Intergovernmental	\$ 2,038,452	\$ 1,447,447
Interest	11,285	1,630
	<b>Total revenues</b>	<b>1,449,077</b>
	2,049,737	1,449,077
<b>EXPENDITURES</b>		
Capital outlay		
Public Works		
Streets	157,815	107,058
	<b>Total expenditures</b>	<b>107,058</b>
	157,815	107,058
Excess (deficiency) of revenues over (under) expenditures	1,891,922	1,342,019
Fund balances, January 1	2,328,820	986,801
<b>Fund balances, December 31</b>	<b>\$ 4,220,742</b>	<b>\$ 2,328,820</b>

**CITY OF LOCUST GROVE, GEORGIA**  
**TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**BALANCE SHEET**  
**December 31, 2022**

**ASSETS**

Cash and cash equivalents	\$ 1,000,990
Restricted assets	
Cash and cash equivalents	5,896,114
Intergovernmental receivable	189,966
Due from other funds	609,072
<b>Total assets</b>	<b>\$ 7,696,142</b>

**LIABILITIES**

Retainages payable	\$ 183,452
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**FUND BALANCES**

Restricted for capital projects	7,512,690
<b>Total liabilities and fund balances</b>	<b>\$ 7,696,142</b>



**CITY OF LOCUST GROVE, GEORGIA**  
**TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**For the year ended December 31, 2022**

<b>REVENUES</b>	
Intergovernmental	\$ 2,045,386
	<u>2,045,386</u>
<b>Total revenues</b>	<u>2,045,386</u>
<b>EXPENDITURES</b>	
Capital outlay	
Public Works	
Streets	1,852,683
Debt service	454,189
	<u>2,306,872</u>
<b>Total expenditures</b>	<u>2,306,872</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(261,486)</u>
Other financing sources (uses)	
Issuance of bonds payable	6,955,000
Bond premiums	819,176
	<u>7,774,176</u>
Total other financing sources (uses)	<u>7,774,176</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	7,512,690
Fund balances, January 1	<u>0</u>
<b>Fund balances, December 31</b>	<u><u>\$ 7,512,690</u></u>

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## ***ENTERPRISE FUNDS***

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

Water and Sewer Fund - Used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Locust Grove.

Solid Waste Management Fund - Used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the City of Locust Grove.

Storm Water Fund - Used to account for activities connected with the development, operation and maintenance of storm water services in the City of Locust Grove.

**CITY OF LOCUST GROVE, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 29,583	\$ 1,191,295
Receivables (net)		
Accounts	508,910	486,539
Lease	28,280	13,706
Interest	35,984	29,254
Prepaid items	3,418	4,061
Total current assets	606,175	1,724,855
<b>Restricted assets</b>		
Extension and Renewal		
Cash and cash equivalents	4,181,791	2,687,129
Debt Redemption		
Cash and cash equivalents	521,283	520,129
Customer Deposits		
Cash and cash equivalents	744,577	680,247
Total restricted assets	5,447,651	3,887,505
<b>Noncurrent assets</b>		
Lease receivable	256,320	270,894
Capital assets		
Land	2,355,375	2,355,375
Buildings	226,262	226,262
Vehicles and equipment	1,970,229	1,863,062
Infrastructure	29,888,372	26,487,845
Construction in progress	1,536,219	468,013
Accumulated depreciation	(12,716,191)	(11,810,877)
Total noncurrent assets	23,516,586	19,860,574
<b>Total assets</b>	<b>29,570,412</b>	<b>25,472,934</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	88,925	61,778
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	155,213	143,306
Accrued salaries and expenses	10,429	8,076
Compensated absences	52,664	29,604
Due to other funds	88,318	56,910
Unearned revenue	2,582,949	2,676,870
Notes payable	50,693	49,343
Total current liabilities	2,940,266	2,964,109

**CITY OF LOCUST GROVE, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>LIABILITIES</b>		
<b>Current liabilities payable from restricted assets</b>		
Customer deposits payable	\$ 744,917	\$ 680,587
Interest payable	16,255	19,170
Bonds payable	595,000	595,000
Total current liabilities payable from restricted assets	1,356,172	1,294,757
<b>Noncurrent liabilities</b>		
Net pension liability	162,372	113,398
Notes payable	88,571	139,295
Bonds payable	2,665,000	3,260,000
Total noncurrent liabilities	2,915,943	3,512,693
<b>Total liabilities</b>	7,212,381	7,771,559
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to leases	243,944	264,272
Deferred inflows related to pensions	64,584	104,969
<b>Total deferred inflows of resources</b>	308,528	369,241
<b>NET POSITION</b>		
Net investment in capital assets	19,838,325	15,419,080
Restricted for:		
Capital	4,181,791	2,687,129
Debt service	505,028	500,959
Unrestricted	(2,386,716)	(1,213,256)
<b>Total net position</b>	\$ 22,138,428	\$ 17,393,912

**CITY OF LOCUST GROVE, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the years ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Water sales	\$ 2,722,502	\$ 2,372,221
Sewer charges	2,170,576	1,952,457
Tap fees	113,135	274,055
Other	223,691	201,163
	<u>5,229,904</u>	<u>4,799,896</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	3,090,243	2,695,158
Personal services	501,678	461,930
Depreciation	905,314	872,894
	<u>4,497,235</u>	<u>4,029,982</u>
Operating income (loss)	<u>732,669</u>	<u>769,914</u>
Non-operating revenues (expenses)		
Interest revenue	10,685	7,450
Interest expense	(68,235)	(86,567)
Distribution of capital assets to the Governmental Activities	0	(127,600)
	<u>(57,550)</u>	<u>(206,717)</u>
Income (loss) before capital contributions	<u>675,119</u>	<u>563,197</u>
Capital contributions		
Impact fees	691,547	1,484,251
Capital contributions	3,377,850	1,609,216
	<u>4,069,397</u>	<u>3,093,467</u>
Change in net position	4,744,516	3,656,664
Net position, January 1 (restated)	<u>17,393,912</u>	<u>13,737,248</u>
<b>Net position, December 31</b>	<u><u>\$ 22,138,428</u></u>	<u><u>\$ 17,393,912</u></u>

**CITY OF LOCUST GROVE, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 5,157,614	\$ 4,480,411
Payments to suppliers	(2,973,408)	(2,845,688)
Payments to employees	(494,823)	(457,338)
	<u>1,689,383</u>	<u>1,177,385</u>
<b>Cash flows from non-capital financing activities:</b>		
Receipts from other funds	<u>31,408</u>	<u>0</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipts from capital contributions	691,547	1,484,251
Interest paid	(71,150)	(89,600)
Acquisition of capital assets	(1,175,373)	(343,194)
Payment of capital related accounts payable	(126,962)	0
Principal payments - bonds payable	(595,000)	(610,000)
Principal payments - notes payable	(49,374)	(48,032)
	<u>(1,326,312)</u>	<u>393,425</u>
Net cash provided (used) by capital and related financing activities		
<b>Cash flows from investing activities:</b>		
Interest received	<u>3,955</u>	<u>368</u>
Net increase (decrease) in cash and cash equivalents	398,434	1,571,178
Cash and cash equivalents, January 1	<u>5,078,800</u>	<u>3,507,622</u>
<b>Cash and cash equivalents, December 31</b>	<u><u>\$ 5,477,234</u></u>	<u><u>\$ 5,078,800</u></u>

**CITY OF LOCUST GROVE, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 732,669	\$ 769,914
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation expense	905,314	872,894
(Increase) decrease in accounts receivable	(22,371)	(62,265)
(Increase) decrease in prepaid items	643	157
(Increase) decrease in pension deferred outflows	(27,147)	(6,564)
Increase (decrease) in accounts payable	116,192	(55,697)
Increase (decrease) in retainages payable	0	(94,990)
Increase (decrease) in accrued salaries and expenses	2,353	1,377
Increase (decrease) in compensated absences	23,060	212
Increase (decrease) in unearned revenue	(93,921)	(339,893)
Increase (decrease) in deposits payable	64,330	103,001
Increase (decrease) in pension deferred inflows	(40,385)	47,753
Increase (decrease) in lease deferred inflows	(20,328)	(20,328)
Increase (decrease) in net pension liability	48,974	(38,186)
 Total adjustments	 956,714	 407,471
 Net cash provided (used) by operating activities	 \$ 1,689,383	 \$ 1,177,385
 <b>Cash and cash equivalents reconciliation:</b>		
Cash and cash equivalents	\$ 29,583	\$ 1,191,295
Extension and Renewal		
Cash and cash equivalents	4,181,791	2,687,129
Debt Redemption		
Cash and cash equivalents	521,283	520,129
Customers Deposits		
Cash and cash equivalents	744,577	680,247
 Total cash and cash equivalents	 \$ 5,477,234	 \$ 5,078,800

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

Contributions of capital assets from developers totaled \$3,377,850 and \$1,609,216, respectively, for the years ended December 31, 2022 and 2021.

Cost of assets transferred from governmental activities totaled \$0 and \$39,543, respectively, for the years ended December 31, 2022 and 2021.

Acquisition of capital assets through accounts payable totaled \$22,677 and \$126,962, respectively, for the years ended December 31, 2022 and 2021.



**CITY OF LOCUST GROVE, GEORGIA**  
**SOLID WASTE MANAGEMENT ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 181,199	\$ 0
Accounts receivable (net)	77,695	64,590
Due from other funds	0	148,000
Prepaid items	711	593
Total current assets	259,605	213,183
<b>Capital assets</b>		
Vehicles and equipment	113,340	113,340
Accumulated depreciation	(112,465)	(111,965)
Total capital assets (net of accumulated depreciation)	875	1,375
<b>Total assets</b>	<b>260,480</b>	<b>214,558</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	11,116	4,018
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	1,075	245
Accrued salaries and expenses	1,516	0
Compensated absences	5,112	2,142
Total current liabilities	7,703	2,387
<b>Noncurrent liabilities</b>		
Net pension liability	20,296	16,161
<b>Total liabilities</b>	<b>27,999</b>	<b>18,548</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	8,806	7,788
<b>NET POSITION</b>		
Investment in capital assets	875	1,375
Unrestricted	233,916	190,865
<b>Total net position</b>	<b>\$ 234,791</b>	<b>\$ 192,240</b>

**CITY OF LOCUST GROVE, GEORGIA**  
**SOLID WASTE MANAGEMENT ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the years ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Sanitation fees	\$ 670,028	\$ 597,600
Other	8,378	6,160
	<u>678,406</u>	<u>603,760</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	564,396	492,189
Personal services	70,959	37,402
Depreciation	500	500
	<u>635,855</u>	<u>530,091</u>
Operating income (loss)	42,551	73,669
Net position, January 1	<u>192,240</u>	<u>118,571</u>
<b>Net position, December 31</b>	<u><u>\$ 234,791</u></u>	<u><u>\$ 192,240</u></u>

**CITY OF LOCUST GROVE, GEORGIA**  
**SOLID WASTE MANAGEMENT ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**For the years ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 665,301	\$ 594,047
Payments to suppliers	(563,684)	(492,231)
Payments to employees	(68,418)	(39,507)
	<u>33,199</u>	<u>62,309</u>
<b>Cash flows from non-capital financing activities</b>		
Receipts from other funds	148,000	0
Payments to other funds	0	(62,309)
	<u>148,000</u>	<u>(62,309)</u>
Net increase (decrease) in cash and cash equivalents	181,199	0
Cash and cash equivalents, January 1	<u>0</u>	<u>0</u>
<b>Cash and cash equivalents, December 31</b>	<u>\$ 181,199</u>	<u>\$ 0</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ 42,551</u>	<u>\$ 73,669</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	500	500
(Increase) decrease in accounts receivable	(13,105)	(9,713)
(Increase) decrease in prepaid items	(118)	(42)
(Increase) decrease in pension deferred outflows	(7,098)	18,863
Increase (decrease) in accounts payable	830	0
Increase (decrease) in accrued salaries and expenses	1,516	(454)
Increase (decrease) in compensated absences	2,970	887
Increase (decrease) in pension deferred inflows	1,018	5,817
Increase (decrease) in net pension liability	4,135	(27,218)
Total adjustments	<u>(9,352)</u>	<u>(11,360)</u>
Net cash provided by operating activities	<u>\$ 33,199</u>	<u>\$ 62,309</u>

**CITY OF LOCUST GROVE, GEORGIA**  
**STORM WATER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 563,557	\$ 153,247
Accounts receivable (net)	69,378	72,070
Due from other funds	0	316,877
Prepaid items	1,346	1,186
Total current assets	634,281	543,380
<b>Capital assets</b>		
Vehicles and equipment	549,991	536,041
Infrastructure	1,877,918	591,118
Accumulated depreciation	(337,193)	(270,530)
Total capital assets (net of accumulated depreciation)	2,090,716	856,629
<b>Total assets</b>	2,724,997	1,400,009
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	22,231	17,651
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	6,890	3,330
Accrued salaries and expenses	3,505	3,776
Compensated absences	25,273	17,971
Notes payable	15,912	37,780
Total current liabilities	51,580	62,857
<b>Noncurrent liabilities</b>		
Net pension liability	40,593	32,322
Notes payable	16,500	32,413
Total noncurrent liabilities	57,093	64,735
<b>Total liabilities</b>	108,673	127,592
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	15,747	39,213
<b>NET POSITION</b>		
Net investment in capital assets	2,058,304	786,436
Unrestricted	564,504	464,419
<b>Total net position</b>	\$ 2,622,808	\$ 1,250,855

**CITY OF LOCUST GROVE, GEORGIA**  
**STORM WATER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the years ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Storm water charges	\$ 438,637	\$ 390,330
<b>Total operating revenues</b>	<u>438,637</u>	<u>390,330</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	122,918	135,141
Personal services	161,512	153,440
Depreciation	66,663	36,878
<b>Total operating expenses</b>	<u>351,093</u>	<u>325,459</u>
Operating income (loss)	87,544	64,871
Non-operating revenues (expenses)		
Interest expense	<u>(2,391)</u>	<u>(2,149)</u>
Income (loss) before capital contributions	85,153	62,722
Capital contributions	<u>1,286,800</u>	<u>591,118</u>
Change in net position	1,371,953	653,840
Net position, January 1	<u>1,250,855</u>	<u>597,015</u>
<b>Net position, December 31</b>	<u><u>\$ 2,622,808</u></u>	<u><u>\$ 1,250,855</u></u>

**CITY OF LOCUST GROVE, GEORGIA**  
**STORM WATER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 441,329	\$ 383,853
Payments to suppliers	(119,518)	(132,565)
Payments to employees	(174,256)	(145,634)
	<u>147,555</u>	<u>105,654</u>
Net cash provided (used) by operating activities		
<b>Cash flows from non-capital financing activities:</b>		
Receipts from other funds	<u>316,877</u>	<u>0</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal payments - notes payable	(37,781)	(36,377)
Interest paid	(2,391)	(2,149)
Acquisition of capital assets	(13,950)	(30,134)
	<u>(54,122)</u>	<u>(68,660)</u>
Net cash provided (used) by capital and related financing activities		
Net increase (decrease) in cash and cash equivalents	410,310	36,994
Cash and cash equivalents, January 1	<u>153,247</u>	<u>116,253</u>
<b>Cash and cash equivalents, December 31</b>	<u><u>\$ 563,557</u></u>	<u><u>\$ 153,247</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ 87,544</u>	<u>\$ 64,871</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	66,663	36,878
(Increase) decrease in accounts receivable	2,692	(6,477)
(Increase) decrease in prepaid items	(160)	(19)
(Increase) decrease in pension deferred outflows	(4,580)	(9,780)
Increase (decrease) in accounts payable	3,560	2,595
Increase (decrease) in accrued salaries and expenses	(271)	1,635
Increase (decrease) in compensated absences	7,302	2,371
Increase (decrease) in pension deferred inflows	(23,466)	2,866
Increase (decrease) in net pension liability	8,271	10,714
	<u>60,011</u>	<u>40,783</u>
Total adjustments		
Net cash provided (used) by operating activities	<u><u>\$ 147,555</u></u>	<u><u>\$ 105,654</u></u>

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

Contributions of capital assets from developers totaled \$1,286,800 and \$591,118, respectively, for the years

***SINGLE AUDIT SECTION***

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

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards***

Honorable Mayor and  
Members of the City Council  
City of Locust Grove, 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 Locust Grove, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Locust Grove, Georgia’s basic financial statements and have issued our report thereon dated June 29, 2023.

**Report on Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2022-001 and 2022-002, that we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Locust Grove, Georgia’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2022-003 and 2022-004.

## **City of Locust Grove, Georgia's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Locust Grove, Georgia's response to the findings identified in our audit and described previously. The City of Locust Grove, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

*Rushon, LLC*

Gainesville, Georgia  
June 29, 2023



ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and  
Members of the City Council  
City of Locust Grove, Georgia

### **Report on Compliance for Each Major Federal Program**

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

We have audited the City of Locust Grove, Georgia's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Locust Grove's major federal programs for the year ended December 31, 2022. The City of Locust Grove, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Locust Grove, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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 City of Locust Grove, Georgia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Locust Grove, Georgia's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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

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

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

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compliance about City of Locust Grove, Georgia's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Locust Grove, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Locust Grove, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Locust Grove, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 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 have not been identified.

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

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

*Rushton, LLC*

Certified Public Accountants

Gainesville, Georgia  
June 29, 2023

**CITY OF LOCUST GROVE, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended December 31, 2022**

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass- Through Number</u>	<u>Expenditures</u>
<b><u>Department of the Treasury</u></b>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 3,078,236
Passed through the Georgia Governor's Office of Planning and Budget: COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	14412-CRF	<u>26,377</u>
<b>Total Federal Awards</b>			<b><u><u>\$ 3,104,613</u></u></b>

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

**CITY OF LOCUST GROVE, GEORGIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31 ,2022**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Locust Grove, Georgia, under programs for the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**2. Summary of Significant Accounting Policies**

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

**3. De Minimis Indirect Cost Rate**

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

**4. Payments to Subrecipients**

For the current year, City of Locust Grove, Georgia did not pass federal funds through to subrecipients.

**CITY OF LOCUST GROVE, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 2022**

**1. Summary of the Auditor's Results**

**A. Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiencies identified	
Not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

**B. Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified	
not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
21.027 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?	No

**CITY OF LOCUST GROVE, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 2022**

**2. Financial Statement Findings and Responses**

**A. Current Year Audit Findings**

**Comment 2022-001**

*Condition:* City personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the City relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that City personnel is not trained to perform the daily accounting functions, but that the City has elected as a cost benefit to outsource this expertise to their auditors. Though it is not unusual for governments of this size to rely on the auditor to assist with the preparation of the financial statements, the inability of the staff to prepare the complete financial statements, including the required note disclosures, without the auditor's assistance, indicates a material weakness over the year-end reporting process.

*Criteria:* Internal controls should be in place to ensure the City can perform timely and accurate year-end close procedures to enable reporting in accordance with Generally Accepted Accounting Principles.

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

*Cause:* City personnel do not have the necessary training in the application of generally accepted accounting principles and the preparation of financial statements.

*Recommendation:* We recommend that the City Manager and City Clerk continue the City's efforts to provide the specialized training and experience necessary to perform these duties and continue to implement and/or strengthen controls over the year-end closeout procedures.

*Management Response:* Management concurs with this finding. The City Manager and City Clerk will continue the City's efforts to provide this training and continue to implement and/or strengthen controls over the year-end closeout procedures.

**Comment 2022-002**

*Condition:* The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. As a result, there is not appropriate segregation of duties between custody, reconciliation, authorization, and accounting in the areas of cash receipts and receivables, cash disbursements and payables and payroll.

*Criteria:* Segregation of duties is a key internal control whereby the authorization, custody, record keeping, and reconciling duties are separated among several persons.

*Effect:* Failure to properly segregate the duties exposes the City to a greater risk of loss due to fraud.



**CITY OF LOCUST GROVE, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 2022**

**2. Financial Statement Findings and Responses (continued)**

**A. Current Year Audit Findings, continued**

**Comment 2022-002, continued**

*Cause:* Segregation of duties could be improved in the areas of cash receipts and receivables, cash disbursements and payables, and payroll.

*Recommendation:* Segregation of duties should be implemented to the extent practical and accounting records should be reviewed by responsible officials on a regular basis.

*Management Response:* Management concurs with this finding. The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. City management will work to continually improve and implement as many procedures as possible to improve internal controls in these areas. This action was taken immediately upon receipt of the comment from our auditors.

**Comment 2022-003**

*Condition:* The City experienced a material excess of expenditures over appropriations in the General Fund.

*Criteria:* OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, special revenue funds, and debt service funds.

*Effect:* Failure to maintain expenditures within the balanced budget for the General Fund will place the City in violation of state law.

*Cause:* The City did not make the necessary amendments to increase appropriations for expenditures during the year for the General Fund.

*Recommendation:* Budget to actual comparisons should be periodically reviewed by City management and budgets amended as needed to ensure that the City remains in compliance with state law.

*Management Response:* Management concurs with this finding. City management will review budget to actual comparisons periodically and recommend any necessary budget revision to Mayor and City Council.

**Comment 2022-004**

*Condition:* The City failed to deposit grant funds for TSPLOST projects into the TSPLOST Fund. As a result, the General Fund owes the TSPLOST Fund an amount at year-end.

*Criteria:* OCGA Code Section 48-8-121 requires that TSPLOST proceeds shall not be commingled with other funds of the City.

*Effect:* Failure to comply with OCGA Code Section 48-8-121 is a violation of state law.

*Cause:* City staff failed to deposit grant funds for TSPLOST projects into the TSPLOST Fund.

**CITY OF LOCUST GROVE, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 2022**

**2. Financial Statement Findings and Responses (continued)**

**A. Current Year Audit Findings, continued**

**Comment 2022-004, continued**

*Recommendation:* The amount due from the General Fund to TSPLOST should be deposited into the TSPLOST account promptly.

*Management Response:* We concur with this finding. The City has recorded amounts due to the the TSPLOST fund and intends to make timely reimbursement from the General Fund. This action was implemented immediately upon receipt of the comment from our auditors.

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

None

**3. Federal Award Findings and Questioned Costs**

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

***STATE REPORTING SECTION***

**CITY OF LOCUST GROVE, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH**  
**SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**For the year ended December 31, 2022**

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b><u>SPLOST IV</u></b>					
Roads, Bridges, Sidewalks and Transportation Facilities	\$ 1,550,000	\$ 1,550,000	\$ 1,331,130	\$ 157,815	\$ 1,488,945
Public Safety Facilities and Equipment	2,750,000	2,750,000	3,538,917	0	3,538,917
Construction and Renovation of Municipal Buildings	525,000	525,000	525,000	0	525,000
Parks and Recreation Facilities	275,000	275,000	5,400	0	5,400
Stormwater Improvements	200,000	200,000	0	0	0
<b>Total</b>	<b>\$ 5,300,000</b>	<b>\$ 5,300,000</b>	<b>\$ 5,400,447</b>	<b>\$ 157,815</b>	<b>\$ 5,558,262</b>

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b><u>SPLOST V</u></b>					
Roads, bridges, sidewalks and transportation facilities	\$ 4,250,000	\$ 4,250,000	\$ 0	\$ 0	\$ 0
Construction and renovation of municipal buildings	500,000	500,000	0	0	0
<b>Total</b>	<b>\$ 4,750,000</b>	<b>\$ 4,750,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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

**CITY OF LOCUST GROVE, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH**  
**TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**For the year ended December 31, 2022**

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b><u>2022 TSPLOST</u></b>					
State Route 42 Congestion Relief Road Widening	\$ 4,300,000	\$ 4,300,000	\$ 0	\$ 0	\$ 0
Bill Gardner West Widening	500,000	500,000	0	0	0
State Route 42 Extra Lane	900,000	900,000	0	0	0
Resurfacing	2,500,839	2,500,839	0	2,306,872	2,306,872
Signal/Intersection Improvement	400,000	400,000	0	0	0
Bikeway/Pathway Network Shared Use Signage	250,000	250,000	0	0	0
<b>Total</b>	<b>\$ 8,600,839</b>	<b>\$ 8,600,839</b>	<b>\$ 0</b>	<b>\$ 2,306,872</b>	<b>\$ 2,306,872</b>

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