

CITY OF LOCUST GROVE, GEORGIA

Annual Financial Report

For the year ended December 31, 2023

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CITY OF LOCUST GROVE, GEORGIA
ANNUAL FINANCIAL REPORT
For the year ended December 31, 2023

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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, 2023, 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, 2023, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General 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 63 through 68, 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. 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, and the schedule of projects financed with transportation special purpose local option sales tax 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, 2022, which are not presented with the accompanying financial statements. In our report dated June 29, 2023, 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 2022 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 2022 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 2022 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 26, 2024 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.

Rushton, LLC

Gainesville, Georgia
June 26, 2024

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, 2023. 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, 2023 by \$88,431,063 (reported as "Net Position"). Of this amount \$7,074,194 is unrestricted.
- The total net position increased by \$22,354,577.
- As of the close of the current fiscal year, the City of Locust Grove's governmental funds reported combined ending fund balances of \$22,656,271, a decrease of \$1,539,639 in comparison with the prior year. Of this amount, \$5,221,630 is unassigned and available for spending and \$17,383,413 is restricted or assigned for capital projects and other specific future uses. \$51,228 is in nonspendable form as prepaid items
- At the end of the current year, unassigned fund balance for the General Fund was \$5,221,630, which is 56.3 percent of total General Fund expenditures for the year ending December 31, 2023.
- The City of Locust Grove's total debt obligations (including accrued compensated absences) decreased by \$2,102,500 to a total of \$10,239,251 as of year-end due to scheduled principal payments during the year on its long-term debt.

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 69.

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 23-27 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 28-62 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 \$88,431,063 as of December 31, 2023. The following table provides a summary of the City's governmental and business-type net position for the year ending December 31, 2023.

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 23,603	\$ 24,781	\$ 6,759	\$ 6,859	\$ 30,362	\$ 31,640
Noncurrent assets	40,863	26,176	33,276	25,608	74,139	51,784
Total assets	<u>64,466</u>	<u>50,957</u>	<u>40,035</u>	<u>32,467</u>	<u>104,501</u>	<u>83,424</u>
Total deferred outflows of resources	<u>1,064</u>	<u>849</u>	<u>206</u>	<u>122</u>	<u>1,270</u>	<u>971</u>
Current liabilities	3,068	2,631	4,310	4,267	7,378	6,898
Noncurrent liabilities	7,208	7,753	2,515	2,993	9,723	10,746
Total liabilities	<u>10,276</u>	<u>10,384</u>	<u>6,825</u>	<u>7,260</u>	<u>17,101</u>	<u>17,644</u>
Total deferred inflows of resources	<u>11</u>	<u>342</u>	<u>227</u>	<u>333</u>	<u>238</u>	<u>675</u>
Net Position						
Net investment in capital assets	37,971	24,183	30,216	21,898	68,187	46,081
Restricted	9,027	14,164	4,143	4,687	13,170	18,851
Unrestricted	<u>8,245</u>	<u>2,733</u>	<u>(1,171)</u>	<u>(1,588)</u>	<u>7,074</u>	<u>1,145</u>
Total net position	<u>\$ 55,243</u>	<u>\$ 41,080</u>	<u>\$ 33,188</u>	<u>\$ 24,997</u>	<u>\$ 88,431</u>	<u>\$ 66,077</u>

The largest portion of the City's net position as of December 31, 2023 (77%) 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, 2023.

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 2,021	\$ 2,318	\$ 6,474	\$ 6,347	\$ 8,495	\$ 8,665
Operating grants and contributions	0	3,104	0	0	0	3,104
Capital grants and contributions	14,914	9,174	8,412	5,356	23,326	14,530
General revenues:						
Motor vehicle/TAVT	349	352	0	0	349	352
Sales tax	3,272	3,418	0	0	3,272	3,418
Other taxes	3,544	3,490	0	0	3,544	3,490
Interest and investment earnings	166	30	25	11	191	41
Gain on sale of assets	17	0	0	0	17	0
Miscellaneous revenue	106	94	0	0	106	94
Total revenues	<u>24,389</u>	<u>21,980</u>	<u>14,911</u>	<u>11,714</u>	<u>39,300</u>	<u>33,694</u>
Expenses						
General Government	2,180	1,899	0	0	2,180	1,899
Judicial	471	427	0	0	471	427
Public Safety	3,787	3,361	0	0	3,787	3,361
Public Works	2,175	1,623	0	0	2,175	1,623
Culture and Recreation	162	161	0	0	162	161
Housing and Development	2,126	1,886	0	0	2,126	1,886
Interest on long-term debt	182	344	0	0	182	344
Water and Sewer	0	0	4,674	3,892	4,674	3,892
Solid Waste Management	0	0	765	617	765	617
Storm Water	0	0	424	296	424	296
Total expenses	<u>11,083</u>	<u>9,701</u>	<u>5,863</u>	<u>4,805</u>	<u>16,946</u>	<u>14,506</u>
Indirect Cost Allocation	857	749	(857)	(749)	0	0
Increase (decrease) in net position	<u>14,163</u>	<u>13,028</u>	<u>8,191</u>	<u>6,160</u>	<u>22,354</u>	<u>19,188</u>
Net position - beginning (original)	41,080	28,052	24,997	18,787	66,077	46,839
Prior period adjustments	0	0	0	50	0	50
Net position - beginning (restated)	<u>41,080</u>	<u>28,052</u>	<u>24,997</u>	<u>18,837</u>	<u>66,077</u>	<u>46,889</u>
Net position - ending	<u>\$ 55,243</u>	<u>\$ 41,080</u>	<u>\$ 33,188</u>	<u>\$ 24,997</u>	<u>\$ 88,431</u>	<u>\$ 66,077</u>

Governmental Activities

Governmental Activities increased the City's net position by \$14,162,963. Key elements of this increase were as follows:

- A contribution of capital assets from developers in the amount of \$10,702,351.

Business-type Activities

Operations of business-type activities increased the City's net position by \$8,191,614. Key elements of this increase were as follows:

- A contribution of capital assets from developers in the amount of \$7,624,919.
- Operating revenues from business-type activities increased approximately \$127,245.
- Operating expenses from business-type activities increased approximately \$1,218,632.

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 \$9,098,512, a decrease of \$227,840 in comparison with the prior year. Approximately 99% of this amount (\$8,990,365) 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 71-75 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 \$43,077 and \$14,529 on December 31, 2023 and 2022, 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, 2023 as all of the funds were expended in 2022.
- 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 \$1,516,748 and \$1,136,595 on December 31, 2023 and 2022, respectively.

Review pages 76-81 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 \$3,265,217 and \$4,220,742 on December 31, 2023 and 2022, 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 \$6,420,491 and \$7,512,690 on December 31, 2023 and 2022, respectively.
- 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 \$2,312,226 and \$1,985,002 at December 31, 2023 and 2022, 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 82-87 for additional information on the Capital Project Funds.

Proprietary Funds

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

2023 net position of the City's three proprietary funds are as follows:

Water and sewer:	\$28,171,212
Solid waste management:	\$276,937
Storm water:	\$4,739,492

The increase in net position for the funds was approximately \$8,191,614. 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 88-98 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 \$73,914,516 and \$51,527,489 (net of accumulated depreciation) on December 31, 2023 and 2022, 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, 2023, the City invested \$24,318,166 in new capital assets - governmental activities was \$15,485,259 and \$8,832,907 for business-type activities. Major capital asset events during the current year ended December 31, 2023 included the following:

Governmental activities:

Construction in progress	\$ 1,047,634
Infrastructure	\$ 13,632,450
Vehicles and equipment	\$ 638,169

Business-type activities:

Construction in progress	\$ 350,391
Buildings and improvements	\$ 2,670,812
Infrastructure	\$ 5,174,410
Vehicles and equipment	\$ 637,294

More information on capital assets may be found in the Note 9 to the Financial Statements on pages 45-46 of this report.

Debt Administration

At the end of the current year, the City had \$6,271,117 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 year, the City had \$2,665,000 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 \$105,098.

The City also had an outstanding note payable related to equipment in the governmental activities. The total liability related to this note payable at year-end was \$111,500.

In 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. At the end of the current year, the City had \$316,347 outstanding subscriptions payable, with interest rates varying from 0.4%-1.9%.

More information on long-term debt may be found in Notes 10 and 11 to the Financial Statements on pages 47-52 of this report.

Economic Factors Affecting 2023 Operations and the New FY 2024 Budget

Macroeconomic Factors

1. Demographic Trends. Locust Grove grew only by 4.4% in 2023 due to the continued slowdown in housing caused by high interest rates on mortgages as well as financing. The City reached 11,199 in July 2023, which is still a significant increase of over 25% since the 2020 Census. Also, a factor in this slowdown is the change in workplace requirements from the Pandemic Recovery.

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 remain higher due to continued supply chain issues namely the major components of development (concrete, asphalt, steel, finishes) as well increased labor costs overall. The City's transportation and public works projects have all exceeded budgeted amounts, although some costs have moderated by the end of the year. Furthermore, the overall national trends are for lower overall GDP into most of 2024 into early 2025.
3. Unemployment. The unemployment rate for the City of Locust Grove continues to compare reasonably between the state and regional rates and is still a very competitive environment for finding qualified employees. The city recently increased all salaries by an average over 7.8% as part of a new employee classification and compensation plan adopted January 2, 2024.
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, with further challenges as large industrial projects continue to come online throughout the state (Hyundai and other EV manufacturing facilities). *Locally speaking*, the City added replaced positions in Community Development and Public Works, with more police officers added to staff due to overall growth. In 2024, the city will need more maintenance workers training for water and wastewater plant operators due to the expanded plant along with additional staff in Administrative roles that have not been filled since before the Great Recession and the demands of growth.

Local and Regional Factors

5. Commercial/Industrial Building Activity. New large-scale commercial and industrial development continued to increase in 2023 into 2024 with the new Renewal by Andersen and Car Max along Price Road. Industrial development will continue to outpace most other nonresidential development for the next several years in overall square footage, especially as the New Bethlehem Road interchange is set to be under construction in early 2026 after awarding to a Design-Build contractor in the middle of 2025.
6. Residential Building Activity. Building permits for residential construction continued to slow markedly from the peak in 2020 and 2021 with an overall reduction of around 50%. The current year is still showing decline year over year by around 10% to date. While we once believed that multifamily would begin to take off in a big way, we are now faced with a new reality that falling rents across the nation and the region are basically putting the brakes on most any new type of multifamily construction until such time as rent rolls and interest rate financing improves.
7. Downtown Development Activity. The occupancy rate of the City's downtown area fell over the year, as two of the "trophy restaurants" either closed or were foreclosed upon by either the 4th Quarter of 2023 or 1st Quarter of 2024.

8. Tourism Development Activity. The City continued to see increased overall activity in traveling overnight stays in its hotels and motels. By the end of 2023, a dual-brand Marriott property began construction on the west side of Bill Gardner Parkway. In the Spring of 2024, two additional properties are in plan review and permitting for another dual-branded Hilton hotel and a Best Western on the east side of the Interchange.
9. Operating Tax Collections. Collections of Tax continued to be fairly robust; however, the Local Option Sales Tax (LOST) rate changed as part of the renewed Service Delivery Strategy and Decennial Census. The LOST rate decrease of 0.42% led to flat to slightly lower collections. Other taxes (Occupation Taxes, Franchise Taxes) were either stable or growing due to continued business development. For FY 2024, the City is exploring expanding the occupation tax collection rates to use number of employees along with possible rate changes. It is anticipated that an ad valorem property tax will be necessary in FY 2025 due to slowing overall economic growth in the US and in Georgia, as overall state tax collections show declines in much of FY 2024.
10. Special Purpose Tax Collections. The SPLOST and T-SPLOST continue to be healthy as part of the overall local economy. The City and County are pursuing a new SPLOST VI vote in Year 2024 that would last through year 2030 and raise nearly \$470 million (over \$20 million in Locust Grove) for capital building and transportation projects. The Georgia Legislature recently approved a measure to allow jurisdictions to have a 6-Year T-SPLOST, meaning that in Year 2026, a vote to extend the existing T-SPLOST would last until 2032 and raise up to \$500 million.
11. Revenues from Enterprise Funds. Utilities. Our utilities (Water, Sanitary Sewer, Sanitation and Stormwater) exist primarily from user-fees and charges for services. These funds have grown due primarily to residential growth and overall development. Fees from Sanitation increased by \$0.5/month each January and July until July 2024, so the increase in collections were primarily growth and rate increases. Water and Sewer revenues have remained relatively even with the exception of growth; however, the City is restructuring rates to better match expenditures as well as to recognize increases in debt and capital expenditures for Sewer in the next few years. Stormwater fees are driven primarily by development, and the large distribution facilities increase revenues by a considerable amount in 2023 for the 2024 collection period.
12. Transportation Needs. The City is in the process of spending over \$10 million on roads and intersections throughout the area, with additional funding coming from GDOT in the form of grants from LMIG and/or in-kind contributions. In 2023, GDOT responded to a request for additional funds for an extra lane along SR 42 with up to \$2.8 million beginning in late 2024. Further, the State agreed to improve the intersection of Bethlehem Road and SR 42 by putting in turning lanes and installing a traffic signal that the City had to purchase using SPLOST V funds originally allocated for design on that intersection. The light was placed into service in early 2024. The city is seeking SPLOST VI money to fund even more transportation projects such as a roundabout at Tanger Boulevard and Indian Creek Road. Overall, though, the larger needs in the future will be maintenance of streets and resurfacing as the newer subdivisions age.

Items of Particular Note:

13. *Incode/ERP Pro/Energov Software transition.* As part of continuing technological changes, we completed the migration of our Community Development Department from Incode to Energov that allows more self-service and remote operations to take pressures off new personnel related to administration. The city's General Ledger and Utility Billing/Cashiering began its long implementation that occurred in early 2024 with ERP Pro for General Ledger and in late Spring for Utility Billing/Cashiering. Issues related to the transition may have affected some operations in late 2023 due to this transition. Further, there have been some interoperable concerns with Energov and ERP Pro due to the former transitioning first with old account numbers that resulted in erroneous reporting or lack of transactions being completed in the middle of 2024. All bugs should be out of the system by the close of the 2024 calendar year.
14. *Accounts Receivable Improvements.* The city's credit card payment processing was changed to Tyler Payments and were altered to accept user-fees as part of card payments and check payments to allow for ease of use by the citizens with minimum exposure to the City. We are continuing to work through some issues there as well and hope to have a seamless operation by the end of 2024.
15. *The Heart of Locust Grove Redevelopment.* The City recently elected an installment purchase of over 8 acres in the core of the City's downtown to encourage cohesive development and provide seed money for the Downtown Development Authority DDA to provide needed business and services without relying mainly on the public sector for redevelopment on an ad hoc basis.

These factors were considered in preparing the City of Locust Grove's budget for 2024, 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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 16,310,534	\$ 1,974,794	\$ 18,285,328
Restricted assets			
Cash and cash equivalents	4,154,392	4,923,357	9,077,749
Receivables (net)			
Accounts	23,690	636,662	660,352
Lease	0	31,889	31,889
Interest	0	10,964	10,964
Taxes	1,279,927	0	1,279,927
Intergovernmental	955,580	0	955,580
Prepaid items	51,228	8,737	59,965
Internal balances	827,869	(827,869)	0
	<u>23,603,220</u>	<u>6,758,534</u>	<u>30,361,754</u>
Total current assets			
Noncurrent assets			
Lease receivable	0	224,431	224,431
Capital assets			
Non-depreciable	6,382,873	4,241,985	10,624,858
Depreciable/amortizable (net)	34,480,540	28,809,118	63,289,658
	<u>40,863,413</u>	<u>33,275,534</u>	<u>74,138,947</u>
Total noncurrent assets			
Total assets	<u>64,466,633</u>	<u>40,034,068</u>	<u>104,500,701</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	1,064,141	205,744	1,269,885
	<u>1,064,141</u>	<u>205,744</u>	<u>1,269,885</u>
LIABILITIES			
Current liabilities			
Accounts payable	332,034	374,265	706,299
Retainages payable	157,981	0	157,981
Compensated absences	721,714	48,475	770,189
Unearned revenue	0	2,432,754	2,432,754
Due to others	93,069	0	93,069
Interest payable	20,905	0	20,905
Subscriptions payable	225,719	0	225,719
Notes payable	19,783	68,671	88,454
Bonds payable	1,496,529	0	1,496,529
Liabilities payable from restricted assets			
Customer deposits payable	0	769,412	769,412
Interest	0	11,748	11,748
Bonds payable	0	605,000	605,000
	<u>3,067,734</u>	<u>4,310,325</u>	<u>7,378,059</u>
Total current liabilities			

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF NET POSITION
December 31, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Noncurrent liabilities			
Net pension liability	\$ 2,251,813	\$ 418,195	\$ 2,670,008
Subscriptions payable	90,628	0	90,628
Notes payable	91,717	36,427	128,144
Bonds payable	4,774,588	2,060,000	6,834,588
	<u>7,208,746</u>	<u>2,514,622</u>	<u>9,723,368</u>
Total noncurrent liabilities			
	<u>7,208,746</u>	<u>2,514,622</u>	<u>9,723,368</u>
Total liabilities	<u>10,276,480</u>	<u>6,824,947</u>	<u>17,101,427</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	0	223,615	223,615
Deferred inflows related to pension	10,872	3,609	14,481
	<u>10,872</u>	<u>227,224</u>	<u>238,096</u>
Total deferred inflows of resources			
	<u>10,872</u>	<u>227,224</u>	<u>238,096</u>
NET POSITION			
Net investment in capital assets	37,970,897	30,216,302	68,187,199
Restricted for:			
Public Safety	43,077	0	43,077
Public Works	58,125	0	58,125
Housing and Development	370,580	0	370,580
Capital outlay	8,555,351	3,621,650	12,177,001
Debt service	0	520,887	520,887
Unrestricted	8,245,392	(1,171,198)	7,074,194
	<u>8,245,392</u>	<u>(1,171,198)</u>	<u>7,074,194</u>
Total net position	<u>\$ 55,243,422</u>	<u>\$ 33,187,641</u>	<u>\$ 88,431,063</u>

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended December 31, 2023

FUNCTIONS/PROGRAMS	Expenses	Indirect Costs	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government						
Governmental activities						
General Government	\$ 2,180,162	\$ (857,000)	\$ 135,577	\$ 0	\$ 163,134	\$ (1,024,451)
Judicial	470,787	0	0	0	0	(470,787)
Public Safety	3,787,188	0	905,052	0	0	(2,882,136)
Public Works	2,174,584	0	68,480	0	14,750,910	12,644,806
Culture and Recreation	161,554	0	231,034	168	0	69,648
Housing and Development	2,126,002	0	680,384	0	0	(1,445,618)
Interest on long-term debt	181,936	0	0	0	0	(181,936)
Total governmental activities	<u>11,082,213</u>	<u>(857,000)</u>	<u>2,020,527</u>	<u>168</u>	<u>14,914,044</u>	<u>6,709,526</u>
Business-type activities						
Water and Sewer Utility	4,674,348	785,000	5,219,132	0	6,247,869	6,007,653
Solid Waste Management	764,906	10,000	817,052	0	0	42,146
Storm Water	423,634	62,000	438,008	0	2,164,310	2,116,684
Total business-type activities	<u>5,862,888</u>	<u>857,000</u>	<u>6,474,192</u>	<u>0</u>	<u>8,412,179</u>	<u>8,166,483</u>
Total primary government	<u>16,945,101</u>	<u>0</u>	<u>8,494,719</u>	<u>168</u>	<u>23,326,223</u>	<u>14,876,009</u>
			Governmental Activities	Business-Type Activities	Total	
Change in net position						
Net (expense) revenue			<u>\$ 6,709,526</u>	<u>\$ 8,166,483</u>	<u>\$ 14,876,009</u>	
General revenues						
Taxes						
Motor Vehicle/TAVT			349,006	0	349,006	
Sales			3,271,760	0	3,271,760	
Franchise			754,859	0	754,859	
Insurance premium			793,528	0	793,528	
Intangibles			35,178	0	35,178	
Alcoholic beverage			363,047	0	363,047	
Occupational			222,598	0	222,598	
Hotel/Motel			1,310,955	0	1,310,955	
Other			63,560	0	63,560	
Interest and investment earnings			165,574	25,131	190,705	
Gain on sale of assets			16,890	0	16,890	
Other			106,482	0	106,482	
Total general revenues			<u>7,453,437</u>	<u>25,131</u>	<u>7,478,568</u>	
Change in net position			14,162,963	8,191,614	22,354,577	
Net position - beginning			<u>41,080,459</u>	<u>24,996,027</u>	<u>66,076,486</u>	
Net position - ending			<u>\$ 55,243,422</u>	<u>\$ 33,187,641</u>	<u>\$ 88,431,063</u>	

CITY OF LOCUST GROVE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	General	SPLOST	TSPLOST	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 7,577,317	\$ 3,707,280	\$ 1,246,788	\$ 3,779,149	\$ 16,310,534
Restricted assets					
Cash and equivalents	58,125	0	4,096,267	0	4,154,392
Receivables (net)					
Accounts	23,690	0	0	0	23,690
Taxes	1,109,614	0	0	170,313	1,279,927
Intergovernmental	0	601,918	353,662	0	955,580
Due from other funds	1,218,167	0	723,774	0	1,941,941
Prepaid items	50,022	0	0	1,206	51,228
Total assets	\$ 10,036,935	\$ 4,309,198	\$ 6,420,491	\$ 3,950,668	\$ 24,717,292
LIABILITIES					
Accounts payable	\$ 121,580	\$ 131,837	\$ 0	\$ 78,617	\$ 332,034
Retainages payable	0	157,981	0	0	157,981
Due to other funds	723,774	390,298	0	0	1,114,072
Due to others	93,069	0	0	0	93,069
Total liabilities	938,423	680,116	0	78,617	1,697,156
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - sales tax	0	363,865	0	0	363,865
FUND BALANCES					
Nonspendable prepaid items	50,022	0	0	1,206	51,228
Restricted for:					
Public Safety	0	0	0	43,077	43,077
Public Works	58,125	0	0	0	58,125
Housing and Development	0	0	0	370,580	370,580
LMIG projects	0	0	114,702	0	114,702
Capital projects	0	3,265,217	6,305,789	2,312,226	11,883,232
Assigned for:					
Housing and Development	0	0	0	1,144,962	1,144,962
Budget	2,768,735	0	0	0	2,768,735
Government projects	1,000,000	0	0	0	1,000,000
Unassigned	5,221,630	0	0	0	5,221,630
Total fund balances	9,098,512	3,265,217	6,420,491	3,872,051	22,656,271
Total liabilities, deferred inflows of resources and fund balances	\$ 10,036,935	\$ 4,309,198	\$ 6,420,491	\$ 3,950,668	\$ 24,717,292

CITY OF LOCUST GROVE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
December 31, 2023

Total fund balance - total governmental funds \$ 22,656,271

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/amortization 40,863,413

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 363,865

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	\$ 1,064,141	
Deferred inflows related to pension	<u>(10,872)</u>	1,053,269

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

These are:

Interest payable	(20,905)	
Net pension liability	(2,251,813)	
Compensated absences	(721,714)	
Subscriptions payable	(316,347)	
Notes payable	(111,500)	
Bonds payable	<u>(6,271,117)</u>	<u>(9,693,396)</u>

Net position of governmental activities \$ 55,243,422

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended December 31, 2023

	<u>General</u>	<u>SPLOST</u>	<u>TSPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES					
Taxes	\$ 5,879,125	\$ 0	\$ 0	\$ 1,310,955	\$ 7,190,080
Licenses and permits	658,148	0	0	0	658,148
Fines, fees and forfeitures	854,474	0	0	29,162	883,636
Charges for services	988,557	0	0	321,764	1,310,321
Intergovernmental	166,761	1,549,770	2,039,826	0	3,756,357
Interest	159,688	60,101	31,369	5,886	257,044
Other	106,482	0	0	0	106,482
Total revenues	<u>8,813,235</u>	<u>1,609,871</u>	<u>2,071,195</u>	<u>1,667,767</u>	<u>14,162,068</u>
EXPENDITURES					
Current					
General Government	2,041,064	0	0	0	2,041,064
Judicial	452,761	0	0	0	452,761
Public Safety	3,444,860	0	0	614	3,445,474
Public Works	1,798,977	0	0	0	1,798,977
Culture and Recreation	66,579	0	0	0	66,579
Housing and Development	1,243,848	0	0	826,228	2,070,076
Capital outlay	0	2,565,396	1,616,394	0	4,181,790
Debt service	226,794	0	1,547,000	0	1,773,794
Total expenditures	<u>9,274,883</u>	<u>2,565,396</u>	<u>3,163,394</u>	<u>826,842</u>	<u>15,830,515</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(461,648)</u>	<u>(955,525)</u>	<u>(1,092,199)</u>	<u>840,925</u>	<u>(1,668,447)</u>
Other Financing Sources (Uses)					
Transfers in	105,000	0	0	0	105,000
Transfers out	0	0	0	(105,000)	(105,000)
Sale of capital assets	17,308	0	0	0	17,308
Proceeds from issuance of debt	111,500	0	0	0	111,500
Total other financing sources (uses)	<u>233,808</u>	<u>0</u>	<u>0</u>	<u>(105,000)</u>	<u>128,808</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(227,840)</u>	<u>(955,525)</u>	<u>(1,092,199)</u>	<u>735,925</u>	<u>(1,539,639)</u>
Fund balances, January 1	<u>9,326,352</u>	<u>4,220,742</u>	<u>7,512,690</u>	<u>3,136,126</u>	<u>24,195,910</u>
Fund balances, December 31	<u>\$ 9,098,512</u>	<u>\$ 3,265,217</u>	<u>\$ 6,420,491</u>	<u>\$ 3,872,051</u>	<u>\$ 22,656,271</u>

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, 2023

Net change in fund balances - total governmental funds \$ (1,539,639)

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	\$ 4,782,908	
Depreciation	<u>(1,333,370)</u>	3,449,538

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		10,702,351
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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	(107,236)	
Related accumulated depreciation	<u>106,818</u>	(418)

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	336,773	
Cost of benefits earned net of employee contributions	<u>(561,221)</u>	(224,448)

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 issuance of debt	(111,500)	
Debt principal payments	1,449,963	
Amortization of bond premiums	136,529	
Decrease in accrued interest payable	<u>5,366</u>	1,480,358

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenue - sales tax		363,865
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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		<u>(68,644)</u>
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Change in net position of governmental activities		<u>\$ 14,162,963</u>
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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, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 5,104,250	\$ 5,772,250	\$ 5,879,125	\$ 106,875
Licenses and permits	956,000	956,000	658,148	(297,852)
Fines, fees and forfeitures	677,500	677,500	854,474	176,974
Charges for services	1,067,850	1,176,375	988,557	(187,818)
Intergovernmental	450,500	150,500	166,761	16,261
Interest	15,025	65,100	159,688	94,588
Other	74,850	78,100	106,482	28,382
Total revenues	8,345,975	8,875,825	8,813,235	(62,590)
EXPENDITURES				
Current				
General Government				
Mayor and Council	213,200	220,700	173,493	47,207
Administration	1,994,950	1,928,700	1,867,571	61,129
Judicial				
Municipal Court	433,250	450,150	452,761	(2,611)
Public Safety				
Police	3,399,500	3,520,500	3,444,860	75,640
Public Works				
Streets	1,720,950	1,843,450	1,686,028	157,422
Fleet Maintenance	133,345	115,345	91,691	23,654
Cemetery	20,275	25,775	21,258	4,517
Culture and Recreation				
Parks and Recreation	95,900	80,650	66,579	14,071
Housing and Development				
Community Development	1,145,990	1,281,240	1,243,848	37,392
Debt Service	0	227,000	226,794	206
Total expenditures	9,157,360	9,693,510	9,274,883	418,627
Excess (deficiency) of revenues over (under) before other financing sources (uses) expenditures	(811,385)	(817,685)	(461,648)	356,037
Other financing sources (uses)				
Transfers in	105,000	105,000	105,000	0
Sale of capital assets	0	0	17,308	17,308
Proceeds from issuance of debt	0	0	111,500	111,500
Contingency	(43,000)	(38,750)	0	38,750
Total other financing sources (uses)	62,000	66,250	233,808	167,558
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(749,385)	(751,435)	(227,840)	523,595
Fund balances, January 1	749,385	751,435	9,326,352	8,574,917
Fund balances, December 31	\$ 0	\$ 0	\$ 9,098,512	\$ 9,098,512

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	Business Type			Totals
	Water and Sewer	Solid Waste Management	Storm Water	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,151,869	\$ 202,457	\$ 620,468	\$ 1,974,794
Restricted cash and cash equivalents	4,923,357	0	0	4,923,357
Receivables				
Accounts	483,274	94,287	59,101	636,662
Lease	31,889	0	0	31,889
Interest	10,964	0	0	10,964
Prepaid items	6,116	1,206	1,415	8,737
Total current assets	<u>6,607,469</u>	<u>297,950</u>	<u>680,984</u>	<u>7,586,403</u>
Noncurrent assets				
Lease receivable	224,431	0	0	224,431
Capital assets				
Non-depreciable	4,241,985	0	0	4,241,985
Depreciable (net)	24,620,088	60,472	4,128,558	28,809,118
Total noncurrent assets	<u>29,086,504</u>	<u>60,472</u>	<u>4,128,558</u>	<u>33,275,534</u>
Total assets	<u>35,693,973</u>	<u>358,422</u>	<u>4,809,542</u>	<u>40,861,937</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	136,818	38,522	30,404	205,744
LIABILITIES				
Current liabilities				
Accounts payable	313,419	53,598	7,248	374,265
Compensated absences	35,206	1,918	11,351	48,475
Unearned revenue	2,432,754	0	0	2,432,754
Due to other funds	827,869	0	0	827,869
Notes payable	52,144	0	16,527	68,671
Liabilities payable from restricted assets:				
Customer deposits payable	769,412	0	0	769,412
Interest payable	11,748	0	0	11,748
Bonds payable	605,000	0	0	605,000
Total current liabilities	<u>5,047,552</u>	<u>55,516</u>	<u>35,126</u>	<u>5,138,194</u>

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	Business Type			Totals
	Water and Sewer	Solid Waste Management	Storm Water	
Noncurrent liabilities				
Net pension liability	\$ 289,519	\$ 64,338	\$ 64,338	\$ 418,195
Notes payable	36,427	0	0	36,427
Bonds payable	2,060,000	0	0	2,060,000
Total noncurrent liabilities	2,385,946	64,338	64,338	2,514,622
Total liabilities	7,433,498	119,854	99,464	7,652,816
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases	223,615	0	0	223,615
Deferred inflows related to pension	2,466	153	990	3,609
Total deferred inflows of resources	226,081	153	990	227,224
NET POSITION				
Net investment in capital assets	26,043,799	60,472	4,112,031	30,216,302
Restricted for capital	3,621,650	0	0	3,621,650
Restricted for debt service	520,887	0	0	520,887
Unrestricted	(2,015,124)	216,465	627,461	(1,171,198)
Total net position	\$ 28,171,212	\$ 276,937	\$ 4,739,492	\$ 33,187,641

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended December 31, 2023

	Business Type			Totals
	Water and Sewer	Solid Waste Management	Storm Water	
OPERATING REVENUES				
Charges for sales and services	\$ 5,219,132	\$ 817,052	\$ 438,008	\$ 6,474,192
Total operating revenues	5,219,132	817,052	438,008	6,474,192
OPERATING EXPENSES				
Costs of sales and services	3,862,232	675,763	173,654	4,711,649
Personal services	533,374	94,610	184,375	812,359
Depreciation	1,002,660	4,533	126,468	1,133,661
Total operating expenses	5,398,266	774,906	484,497	6,657,669
Operating income (loss)	(179,134)	42,146	(46,489)	(183,477)
Non-operating revenues (expenses)				
Interest revenue	25,131	0	0	25,131
Interest expense	(61,082)	0	(1,137)	(62,219)
Total non-operating revenues (expenses)	(35,951)	0	(1,137)	(37,088)
Income (loss) before capital contributions	(215,085)	42,146	(47,626)	(220,565)
Capital contributions				
Impact fees	787,260	0	0	787,260
Capital contributions	5,460,609	0	2,164,310	7,624,919
Total capital contributions	6,247,869	0	2,164,310	8,412,179
Change in net position	6,032,784	42,146	2,116,684	8,191,614
Net position, January 1 (restated)	22,138,428	234,791	2,622,808	24,996,027
Net position, December 31	\$ 28,171,212	\$ 276,937	\$ 4,739,492	\$ 33,187,641

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2023

	Business Type			Totals
	Water and Sewer	Solid Waste Management	Storm Water	
Cash flows from operating activities:				
Receipts from customers	\$ 5,127,019	\$ 789,604	\$ 448,285	\$ 6,364,908
Payments to suppliers	(3,748,750)	(623,735)	(173,365)	(4,545,850)
Payments to employees	(544,125)	(91,337)	(200,987)	(836,449)
Other receipts	0	10,856	0	10,856
Net cash provided (used) by operating activities	<u>834,144</u>	<u>85,388</u>	<u>73,933</u>	<u>993,465</u>
Cash flows from non-capital financing activities:				
Receipts from other funds	<u>739,551</u>	<u>0</u>	<u>0</u>	<u>739,551</u>
Cash flows from capital and related financing activities:				
Receipts of capital contributions	787,260	0	0	787,260
Interest paid	(65,589)	0	(1,137)	(66,726)
Acquisition of capital assets	(1,079,155)	(64,130)	0	(1,143,285)
Payment of capital related accounts payable	(22,677)	0	0	(22,677)
Principal payments - bonds payable	(595,000)	0	0	(595,000)
Principal payments - notes payable	(50,693)	0	(15,885)	(66,578)
Net cash provided (used) by capital and related financing activities	<u>(1,025,854)</u>	<u>(64,130)</u>	<u>(17,022)</u>	<u>(1,107,006)</u>
Cash flows from investing activities:				
Interest received	<u>50,151</u>	<u>0</u>	<u>0</u>	<u>50,151</u>
Net increase (decrease) in cash and cash equivalents	597,992	21,258	56,911	676,161
Cash and cash equivalents, January 1	<u>5,477,234</u>	<u>181,199</u>	<u>563,557</u>	<u>6,221,990</u>
Cash and cash equivalents, December 31	<u><u>\$ 6,075,226</u></u>	<u><u>\$ 202,457</u></u>	<u><u>\$ 620,468</u></u>	<u><u>\$ 6,898,151</u></u>

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2023

	<u>Business Type</u>			<u>Totals</u>
	<u>Water and Sewer</u>	<u>Solid Waste Management</u>	<u>Storm Water</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (179,134)	\$ 42,146	\$ (46,489)	\$ (183,477)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,002,660	4,533	126,468	1,133,661
(Increase) decrease in accounts receivable	25,636	(16,592)	10,277	19,321
(Increase) decrease in lease receivable	28,280	0	0	28,280
(Increase) decrease in prepaid items	(2,698)	(495)	(69)	(3,262)
(Increase) decrease in pension deferred outflows	(47,893)	(27,406)	(8,173)	(83,472)
Increase (decrease) in accounts payable	116,180	52,523	358	169,061
Increase (decrease) in accrued salaries and expense	(10,429)	(1,516)	(3,505)	(15,450)
Increase (decrease) in compensated absences	(17,458)	(3,194)	(13,922)	(34,574)
Increase (decrease) in unearned revenue	(150,195)	0	0	(150,195)
Increase (decrease) in deposits payable	24,495	0	0	24,495
Increase (decrease) in pension deferred inflows	(62,118)	(8,653)	(14,757)	(85,528)
Increase (decrease) in lease deferred inflows	(20,329)	0	0	(20,329)
Increase (decrease) in net pension liability	127,147	44,042	23,745	194,934
Total adjustments	<u>1,013,278</u>	<u>43,242</u>	<u>120,422</u>	<u>1,176,942</u>
Net cash provided (used) by operating activities	<u>\$ 834,144</u>	<u>\$ 85,388</u>	<u>\$ 73,933</u>	<u>\$ 993,465</u>
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	\$ 1,151,869	\$ 202,457	\$ 620,468	\$ 1,974,794
Restricted cash and cash equivalents	4,923,357	0	0	4,923,357
Total cash and cash equivalents	<u>\$ 6,075,226</u>	<u>\$ 202,457</u>	<u>\$ 620,468</u>	<u>\$ 6,898,151</u>

Noncash investing, capital, and financing activities:

Contributions of capital assets from developers totaled \$7,624,919.
Acquisition of capital assets through accounts payable totaled \$64,703.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

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, 2023

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, 2023

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.

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.

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.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

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).

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.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

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

E. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

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.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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

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.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Expenditures/Expenses

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.

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.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

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.

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.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

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 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.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

M. Capital Assets, continued

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

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:

	Useful Life
	<u>in Years</u>
Buildings and improvements	25-50
Infrastructure	20-50
Machinery and equipment	40-50
Vehicles	3-5
Furniture and fixtures	10-20
Land improvements	20
Intangibles	20-40
Intangible right-to-use assets	
Software	3-5

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, 2023

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 assets 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City 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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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:

Major Funds		
General Fund		\$ 23,690
Enterprise Funds		
Water and Sewer	\$ 737,900	
Less: Allowances for Uncollectibles	(254,626)	
Solid Waste Management	108,777	
Less: Allowances for Uncollectibles	(14,490)	
Storm Water	<u>59,101</u>	<u>636,662</u>
Total Primary Government		<u><u>\$ 660,352</u></u>

5. Taxes Receivable

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

Major Funds	
General	\$ 1,109,614
Nonmajor Governmental Funds	<u>170,313</u>
Total Primary Government	<u><u>\$ 1,279,927</u></u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

6. Intergovernmental Receivable

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

Major Funds	
SPLOST	\$ 601,918
TSPLOST	<u>353,662</u>
Total Primary Government	<u><u>\$ 955,580</u></u>

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, 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 at an imputed discount rate of 2.49%. At the end of the current year, leases receivable and the related deferred inflows of resources totaled \$256,320 and \$223,615, respectively, reported in the Water and Sewer Fund. During the current 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 \$9,366 of interest revenue under the lease.

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	\$ 827,869
	SPLOST	390,298
TSPLOST	General	<u>723,774</u>
		<u><u>\$ 1,941,941</u></u>

The balance reported as Due to/Due from represent loans between the borrower funds and the lender fund. Balances reported between 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, 2023

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>
Nonmajor governmental	General	<u>\$ 105,000</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.

9. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Non-depreciable assets				
Land	\$ 3,093,064	\$ 0	\$ 0	\$ 3,093,064
Construction in progress	2,242,175	4,140,473	(3,092,839)	3,289,809
Total non-depreciable assets	<u>5,335,239</u>	<u>4,140,473</u>	<u>(3,092,839)</u>	<u>6,382,873</u>
Depreciable assets				
Buildings and improvements	11,679,299	52,971	0	11,732,270
Infrastructure	11,223,773	13,632,450	0	24,856,223
Vehicles and equipment	3,987,155	745,405	(107,236)	4,625,324
Furniture and fixtures	581,463	6,799	0	588,262
Intangible right-to-use assets				
Software	536,310	0	0	536,310
Total depreciable assets	<u>28,008,000</u>	<u>14,437,625</u>	<u>(107,236)</u>	<u>42,338,389</u>
Accumulated depreciation				
Buildings and improvements	(2,718,521)	(358,317)	0	(3,076,838)
Infrastructure	(613,601)	(349,571)	0	(963,172)
Vehicles and equipment	(2,880,181)	(333,694)	106,818	(3,107,057)
Furniture and fixtures	(418,994)	(57,889)	0	(476,883)
Intangible right-to-use assets				
Software	0	(233,899)	0	(233,899)
Total accumulated depreciation	<u>(6,631,297)</u>	<u>(1,333,370)</u>	<u>106,818</u>	<u>(7,857,849)</u>
Total depreciable assets, net	<u>21,376,703</u>	<u>13,104,255</u>	<u>(418)</u>	<u>34,480,540</u>
Governmental activities capital assets, net	<u>\$ 26,711,942</u>	<u>\$ 17,244,728</u>	<u>\$ (3,093,257)</u>	<u>\$ 40,863,413</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

9. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Non-depreciable assets				
Land	\$ 2,355,375	\$ 0	\$ 0	\$ 2,355,375
Construction in progress	1,536,219	555,096	(204,705)	1,886,610
Total non-depreciable assets	<u>3,891,594</u>	<u>555,096</u>	<u>(204,705)</u>	<u>4,241,985</u>
Depreciable assets				
Buildings and improvements	14,670,242	2,670,812	0	17,341,054
Infrastructure	17,389,281	5,174,410	0	22,563,691
Vehicles and equipment	2,566,586	637,294	0	3,203,880
Total depreciable assets	<u>34,626,109</u>	<u>8,482,516</u>	<u>0</u>	<u>43,108,625</u>
Accumulated depreciation				
Buildings and improvements	(6,958,179)	(488,543)	0	(7,446,722)
Infrastructure	(4,371,074)	(484,664)	0	(4,855,738)
Vehicles and equipment	(1,836,593)	(160,454)	0	(1,997,047)
Total accumulated depreciation	<u>(13,165,846)</u>	<u>(1,133,661)</u>	<u>0</u>	<u>(14,299,507)</u>
Total depreciable assets, net	<u>21,460,263</u>	<u>7,348,855</u>	<u>0</u>	<u>28,809,118</u>
Business-type activities capital assets, net	<u>\$ 25,351,857</u>	<u>\$ 7,903,951</u>	<u>\$ (204,705)</u>	<u>\$ 33,051,103</u>

Beginning balances of the Governmental activities have been restated for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The restatement totaled \$536,310.

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

Primary Government

Governmental activities

General Government	\$ 210,121
Judicial	10,158
Public Safety	473,936
Public Works	480,271
Culture and Recreation	94,975
Housing and Development	<u>63,909</u>
Total depreciation expense for governmental activities	<u>\$ 1,333,370</u>

Business-type activities

Water and Sewer	\$ 1,002,660
Solid Waste Management	4,533
Storm Water	<u>126,468</u>
Total depreciation expense for business-type activities	<u>\$ 1,133,661</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

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 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.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

10. Long-Term Debt (continued)

Governmental Activities, continued

General Obligation Bonds, continued

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:

Year Ending December 31,	Principal	Interest	Total
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>\$ 5,725,000</u>	<u>\$ 581,625</u>	<u>\$ 6,306,625</u>

Notes from Direct Borrowings

Finance Purchases

The City entered into a finance agreement for the acquisition of certain equipment. The agreement bears interest at 5.875% and requires annual payments through June 2028. The balance outstanding at the end of the current year is \$111,500.

The annual requirements to amortize notes from direct borrowings at the end of the current year are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 19,783	\$ 6,660	\$ 26,443
2025	20,980	5,463	26,443
2026	22,230	4,213	26,443
2027	23,554	2,889	26,443
2028	24,953	1,490	26,443
Totals	<u>\$ 111,500</u>	<u>\$ 20,715</u>	<u>\$ 132,215</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

10. Long-Term Debt (continued)

Governmental Activities, continued

Subscriptions Payable

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

- \$376,848 networking software due in monthly installments of \$12,870 through June 2025, interest at 1.888%, \$228,239 outstanding.
- \$33,481 utility analytics software due in annual installments ranging from \$8,240 to \$13,911 through December 2025, interest at 0.590%, \$24,937 outstanding.
- \$100,757 accounting software due in annual installments of \$50,658 through January 2024, interest at 0.369%, \$50,471 outstanding.
- \$25,224 body camera software due in annual installments ranging from \$12,915 to \$18,748 through February 2024, interest at 1.679%, \$12,700 outstanding.

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

Year Ending December 31,	Principal	Interest	Total
2024	\$ 225,719	\$ 3,552	\$ 229,271
2025	90,628	505	91,133
Totals	<u>\$ 316,347</u>	<u>\$ 4,057</u>	<u>\$ 320,404</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

10. Long-Term Debt (continued)

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, 2023:

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% (\$2,665,000 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 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:

Year Ending December 31,	Principal	Interest	Total
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	350,000	6,300	356,300
2029	140,000	1,400	141,400
Totals	<u>\$ 2,665,000</u>	<u>\$ 128,050</u>	<u>\$ 2,793,050</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

10. Long-Term Debt (continued)

Business-Type Activities, continued

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 \$72,044 at December 31, 2023, 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 \$33,054 at December 31, 2023, 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.

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

Year Ending December 31,	Principal	Interest	Total
2024	\$ 68,671	\$ 2,881	\$ 71,552
2025	36,427	882	37,309
Totals	<u>\$ 105,098</u>	<u>\$ 3,763</u>	<u>\$ 108,861</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

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:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable	\$ 6,955,000	\$ 0	\$ (1,230,000)	\$ 5,725,000	\$ 1,360,000
Original issue premium	682,646	0	(136,529)	546,117	136,529
Net bonds payable	<u>7,637,646</u>	<u>0</u>	<u>(1,366,529)</u>	<u>6,271,117</u>	<u>1,496,529</u>
Notes from direct borrowings	0	111,500	0	111,500	19,783
Subscriptions payable	536,310	0	(219,963)	316,347	225,719
Compensated absences	653,070	721,714	(653,070)	721,714	721,714
Total governmental activities	<u>\$ 8,827,026</u>	<u>\$ 833,214</u>	<u>\$ (2,239,562)</u>	<u>\$ 7,420,678</u>	<u>\$ 2,463,745</u>
Business-type activities					
Bonds from direct placement	\$ 3,260,000	\$ 0	\$ (595,000)	\$ 2,665,000	\$ 605,000
Notes from direct borrowings	171,676	0	(66,578)	105,098	68,671
Compensated absences	83,049	48,475	(83,049)	48,475	48,475
Total business-type activities	<u>\$ 3,514,725</u>	<u>\$ 48,475</u>	<u>\$ (744,627)</u>	<u>\$ 2,818,573</u>	<u>\$ 722,146</u>

Beginning balances of the governmental activities have been restated for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The restatement totaled \$536,310.

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 \$181,936 and \$62,219 for the business-type activities.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

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 \$2,432,754 in connection fee credits toward future water and sewer connections in the City. During the year, the City recognized \$150,195 in water and sewer connection fees related to the use of these credits.

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, 2023:

	<u>General</u>	<u>SPLOST</u>	<u>TSPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Prepaid items	\$ 50,022	\$ 0	\$ 0	\$ 1,206	\$ 51,228
Restricted for:					
Public Safety					
Police facilities and equipment	\$ 0	\$ 0	\$ 0	\$ 43,077	\$ 43,077
Public Works					
Tree Replacement	58,125	0	0	0	58,125
Housing and Development					
Promotion of tourism, conventions and trade shows	0	0	0	370,580	370,580
LMIG Projects	0	0	114,702	0	114,702
Capital Projects	0	3,265,217	6,305,789	2,312,226	11,883,232
	<u>\$ 58,125</u>	<u>\$ 3,265,217</u>	<u>\$ 6,420,491</u>	<u>\$ 2,725,883</u>	<u>\$ 12,469,716</u>
Assigned for:					
Subsequent year's budget	\$ 2,768,735	\$ 0	\$ 0	\$ 0	\$ 2,768,735
Governmental projects	1,000,000	0	0	0	1,000,000
Housing and Development					
Promotion of tourism, conventions and trade shows	0	0	0	1,144,962	1,144,962
	<u>\$ 3,768,735</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,144,962</u>	<u>\$ 4,913,697</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

14. Pension Plan (continued)

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 \$399,316, or 8.30% of covered payroll. The City's covered payroll for employees participating in the Plan for the current year was \$4,808,932. The Council provides for

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 \$2,670,008. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. 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 \$649,699.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

14. Pension Plan (continued)

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 \$342,385, or 7.12% of covered payroll. The City's covered payroll for employees participating in the Plan for the current year was \$4,808,932. The Council provides for

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 \$2,670,008. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. 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 \$649,699.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

14. Pension Plan (continued)

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 770,620	\$ (4,274)
Changes of assumptions	0	(2,090)
Net difference between projected and actual earnings on pension plan investments	191,661	0
Changes in participant fund allocation	8,117	(8,117)
City contributions subsequent to the measurement date	<u>299,487</u>	<u>0</u>
Totals	<u>\$ 1,269,885</u>	<u>\$ (14,481)</u>

The \$299,487 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:

Year Ending December 31,	
2024	\$ 275,295
2025	198,069
2026	288,185
2027	<u>194,368</u>
Totals	<u>\$ 955,917</u>

Actuarial Assumptions. The total pension liability in the July 1, 2023 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%

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

14. Pension Plan (continued)

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, 2023 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.

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, 2023 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%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Global fixed income	<u>5%</u>	0.46%
Total	<u><u>100%</u></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.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

14. Pension Plan (continued)

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>
Balances at 3/31/2022	\$ 5,997,405	\$ 4,292,493	\$ 1,704,912
Changes for the year:			
Service cost	195,349	0	195,349
Interest	450,747	0	450,747
Differences between expected and actual experience	367,998	0	367,998
Contributions—employer	0	342,385	(342,385)
Net investment income	0	(281,061)	281,061
Benefit payments, including refunds of employee contributions	(161,859)	(161,859)	0
Administrative expense	0	(12,326)	12,326
Net changes	<u>852,235</u>	<u>(112,861)</u>	<u>965,096</u>
Balances at 3/31/2023	<u>\$ 6,849,640</u>	<u>\$ 4,179,632</u>	<u>\$ 2,670,008</u>

Plan fiduciary net position as a percentage of the total pension liability	61.02%
Covered payroll	\$ 4,215,695
Employer's net pension liability as percentage of covered payroll	63.33%

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:

	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>
1% decrease	6.375%	\$ 3,675,443
Current discount rate	7.375%	2,670,008
1% increase	8.375%	1,837,028

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.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

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.

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 \$62,761 to the plans based on covered salaries of \$2,335,591. Plan members made voluntary contributions of \$152,511 to the plans. Total payroll was \$4,936,796.

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.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

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.

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, 2023 follows:

Lodging tax receipts	\$1,310,955
Disbursements to promote tourism, conventions, and trade shows and tourism product development in the downtown area.	\$826,228 63.02% of tax receipts
Transfers to General Fund	\$105,000 8.01% 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.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

18. Risk Management (continued)

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

19. Commitments and Contingencies

At year end, the City had amounts outstanding on construction commitments with contractors totaling \$1,111,335 for resurfacing and roadway improvement projects.

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

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 \$1,686,028 for the current year.

21. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to adjust the beginning balances of capital assets and subscriptions payable. This adjustment was required due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This implementation had no effect on beginning net position in the Governmental Activities.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

22. New Accounting Pronouncements

The City implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the City's current year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the City's current year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 99, *Omnibus 2022*, effective for the City's current year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

23. Subsequent Events

Subsequent to December 31, 2023, the City entered into an agreement with Axon Enterprise, Inc. to subscribe to software associated with Public Safety fleet cameras. Upon inception of the agreement, the City will record an intangible right-to-use capital asset and a subscription payable equal to the present value of all future subscription payments in the amount of \$313,817.

The City also entered into a promissory note with Georgia Transportation Infrastructure Bank (GTIB) for the purpose of partially funding a road project. The note allows for up to \$2,000,000 of borrowing.

The City also entered into a promissory note with Georgia Environmental Finance Authority (GEFA) for the purpose of expanding the City's water pollution control plant. The note allows for up to \$12,000,000 of borrowing.

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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, 2023
(Unaudited)

	Fiscal Year		
	2023	2022	2021
Total pension liability			
Service cost	\$ 195,349	\$ 168,597	\$ 141,761
Interest	450,747	389,234	321,625
Differences between expected and actual experience	367,998	415,201	566,669
Changes of assumptions	0	0	0
Changes of benefit terms	0	0	0
Benefit payments, including refunds of employee contributions	(161,859)	(169,556)	(110,772)
Net change in total pension liability	852,235	803,476	919,283
Total pension liability - beginning	5,997,405	5,193,929	4,274,646
Total pension liability - ending (a)	6,849,640	5,997,405	5,193,929
Plan fiduciary net position			
Contributions - employer	\$ 342,385	\$ 254,802	\$ 231,163
Net investment income	(281,061)	242,100	1,216,728
Benefit payments, including refunds of employee contributions	(161,859)	(169,556)	(110,772)
Administrative expense	(12,326)	(11,293)	(10,627)
Net change in total pension liability	(112,861)	316,053	1,326,492
Plan fiduciary net position - beginning	4,292,493	3,976,440	2,649,948
Plan fiduciary net position - ending (b)	\$ 4,179,632	\$ 4,292,493	\$ 3,976,440
Net pension liability (asset) - ending : (a) - (b)	\$ 2,670,008	\$ 1,704,912	\$ 1,217,489
Plan's fiduciary net position as a percentage of the total pension liability	61.02%	71.57%	76.56%
Covered payroll	\$ 4,215,695	\$ 3,664,716	\$ 3,461,296
Net pension liability as a percentage of covered payroll	63.33%	46.52%	35.17%

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

Fiscal Year

	2020	2019	2018	2017	2016	2015
\$	130,947	\$ 102,392	\$ 114,007	\$ 119,528	\$ 104,748	\$ 74,722
	304,198	264,456	236,950	227,535	206,702	181,677
	(21,369)	2,589	70,462	(137,342)	41,791	167,555
	(10,451)	0	38,371	0	0	(17,971)
	0	233,519	0	0	0	0
	(107,415)	(95,823)	(91,224)	(85,250)	(83,598)	(82,566)
	295,910	507,133	368,566	124,471	269,643	323,417
	3,978,736	3,471,603	3,103,037	2,978,566	2,708,923	2,385,506
	<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>
\$	183,219	\$ 157,901	\$ 157,840	\$ 141,537	\$ 114,820	\$ 124,851
	(204,152)	96,959	288,521	254,578	6,713	171,322
	(107,415)	(95,823)	(91,224)	(85,250)	(83,598)	(82,566)
	(11,325)	(11,721)	(10,094)	(10,015)	(6,438)	(5,206)
	(139,673)	147,316	345,043	300,850	31,497	208,401
	2,789,621	2,642,305	2,297,262	1,996,412	1,964,915	1,756,514
	<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>1,624,698</u>	<u>\$ 1,189,115</u>	<u>\$ 829,298</u>	<u>\$ 805,775</u>	<u>\$ 982,154</u>	<u>\$ 744,008</u>
	61.99%	70.11%	76.11%	74.03%	67.03%	72.53%
\$	3,159,596	\$ 2,594,568	\$ 2,143,962	\$ 2,173,333	\$ 2,278,667	\$ 2,152,833
	51.42%	45.83%	38.68%	37.08%	43.10%	34.56%

CITY OF LOCUST GROVE, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
For the year ended December 31, 2023
(Unaudited)

	Fiscal Year		
	2023	2022	2021
Actuarially determined contribution	\$ 399,316	\$ 323,408	\$ 230,906
Contributions in relation to the actuarially determined contribution	<u>(399,316)</u>	<u>(323,408)</u>	<u>(230,906)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 4,808,932	\$ 4,555,298	\$ 3,769,489
Contributions as a percentage of covered payroll	8.30%	7.10%	6.13%

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

Fiscal Year

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 167,323	\$ 154,360	\$ 167,323	\$ 159,400	\$ 135,583	\$ 107,899
<u>(167,323)</u>	<u>(154,360)</u>	<u>(167,323)</u>	<u>(159,400)</u>	<u>(135,583)</u>	<u>(107,899)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 3,461,296	\$ 2,594,568	\$ 2,143,962	2,173,333	\$ 2,278,667	\$ 2,152,833
4.83%	5.95%	7.80%	7.33%	5.95%	5.01%

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2023, 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, 2024.

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, 2023

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

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COMBINING STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

**CITY OF LOCUST GROVE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2023**

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Total Total Nonmajor Governmental Funds</u>
	<u>Confiscated Assets</u>	<u>Hotel/Motel Tax</u>	<u>Developmental Impact</u>	
ASSETS				
Cash and cash equivalents	\$ 43,077	\$ 1,423,846	\$ 2,312,226	\$ 3,779,149
Taxes receivable	0	170,313	0	170,313
Prepaid items	0	1,206	0	1,206
Total assets	<u>\$ 43,077</u>	<u>\$ 1,595,365</u>	<u>\$ 2,312,226</u>	<u>\$ 3,950,668</u>
LIABILITIES				
Accounts payable	\$ 0	\$ 78,617	\$ 0	\$ 78,617
FUND BALANCES				
Nonspendable for prepaid items	0	1,206	0	1,206
Restricted:				
Public Safety	43,077	0	0	43,077
Housing and Development	0	370,580	0	370,580
Capital projects			2,312,226	2,312,226
Assigned for Housing and Development	0	1,144,962	0	1,144,962
Total fund balances	<u>43,077</u>	<u>1,516,748</u>	<u>2,312,226</u>	<u>3,872,051</u>
Total liabilities and fund balances	<u>\$ 43,077</u>	<u>\$ 1,595,365</u>	<u>\$ 2,312,226</u>	<u>\$ 3,950,668</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, 2023

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel/Motel Tax	Developmental Impact	
REVENUES				
Taxes	\$ 0	\$ 1,310,955	\$ 0	\$ 1,310,955
Fines, fees, and forfeitures	29,162	0	0	29,162
Charges for services	0	0	321,764	321,764
Interest	0	426	5,460	5,886
Total revenues	29,162	1,311,381	327,224	1,667,767
EXPENDITURES				
Current				
Public Safety	614	0	0	614
Housing and Development	0	826,228	0	826,228
Total expenditures	614	826,228	0	826,842
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	28,548	485,153	327,224	840,925
Other Financing Sources (Uses)				
Transfers out	0	(105,000)	0	(105,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	28,548	380,153	327,224	735,925
Fund balances, January 1	14,529	1,136,595	1,985,002	3,136,126
Fund balances, December 31	\$ 43,077	\$ 1,516,748	\$ 2,312,226	\$ 3,872,051

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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, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 7,577,317	\$ 8,688,724
Restricted assets		
Cash and cash equivalents	58,125	54,120
Receivables (net)		
Accounts	23,690	6,591
Taxes	1,109,614	1,002,807
Due from other funds	1,218,167	387,171
Prepaid items	50,022	45,278
Total assets	\$ 10,036,935	\$ 10,184,691
 LIABILITIES		
Accounts payable	\$ 121,580	\$ 77,743
Accrued salaries and expenses	0	87,970
Due to other funds	723,774	609,072
Due to others	93,069	83,554
Total liabilities	938,423	858,339
 FUND BALANCES		
Nonspendable prepaid items	50,022	45,278
Restricted for Public Works	58,125	54,120
Assigned for budget	2,768,735	684,585
Assigned for government projects	1,000,000	3,000,000
Unassigned	5,221,630	5,542,369
Total fund balances	9,098,512	9,326,352
Total liabilities and fund balances	\$ 10,036,935	\$ 10,184,691

CITY OF LOCUST GROVE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Taxes	\$ 5,879,125	\$ 6,066,563
Licenses and permits	658,148	908,997
Fines, fees and forfeitures	854,474	743,884
Charges for services	988,557	899,831
Intergovernmental	166,761	26,377
Interest	159,688	29,072
Other	106,482	93,887
Total revenues	<u>8,813,235</u>	<u>8,768,611</u>
EXPENDITURES		
Current		
General Government	2,041,064	1,812,737
Judicial	452,761	427,509
Public Safety	3,444,860	3,088,663
Public Works	1,798,977	1,468,273
Culture and Recreation	66,579	71,170
Housing and Development	1,243,848	1,143,257
Debt Service	226,794	0
Total expenditures	<u>9,274,883</u>	<u>8,011,609</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(461,648)</u>	<u>757,002</u>
Other Financing Sources (Uses)		
Transfers in (out)		
American Rescue Plan Act	0	3,078,236
Hotel/Motel Tax Fund	105,000	96,250
Sale of capital assets	17,308	0
Proceeds from issuance of debt	111,500	0
Total other financing sources (uses)	<u>233,808</u>	<u>3,174,486</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(227,840)	3,931,488
Fund balances, January 1	<u>9,326,352</u>	<u>5,394,864</u>
Fund balances, December 31	<u><u>\$ 9,098,512</u></u>	<u><u>\$ 9,326,352</u></u>

CITY OF LOCUST GROVE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2023
(with comparative totals for the year ended December 31, 2022)

	<u>2023</u>			<u>2022</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Taxes				
Motor vehicle and title ad valorem tax	\$ 347,000	\$ 349,006	\$ 2,006	\$ 352,243
Local option sales tax	2,877,000	3,271,761	394,761	3,418,950
Intangible tax	80,000	35,178	(44,822)	59,725
Real estate transfer tax	25,500	20,304	(5,196)	40,108
Franchise tax	718,500	754,859	36,359	707,071
Insurance premium tax	915,000	793,528	(121,472)	798,942
Alcohol tax	445,000	363,047	(81,953)	380,756
Occupational tax	342,500	248,188	(94,312)	273,216
Street Lighting tax	20,000	43,254	23,254	35,552
Other taxes	1,750	0	(1,750)	0
Total taxes	<u>5,772,250</u>	<u>5,879,125</u>	<u>106,875</u>	<u>6,066,563</u>
Licenses and Permits				
Building permits	850,000	556,292	(293,708)	810,447
Alcohol licenses and penalties	70,500	79,000	8,500	66,600
Regulatory fees	35,500	22,856	(12,644)	31,950
Total licenses and permits	<u>956,000</u>	<u>658,148</u>	<u>(297,852)</u>	<u>908,997</u>
Fines, fees and forfeitures	<u>677,500</u>	<u>854,474</u>	<u>176,974</u>	<u>743,884</u>
Charges for Services				
Cemetery lot sales	25,675	2,600	(23,075)	2,400
Police charges	9,500	8,395	(1,105)	7,755
Planning and zoning charges	175,000	115,267	(59,733)	122,363
Indirect expenses	955,000	857,000	(98,000)	748,688
Other	11,200	5,295	(5,905)	18,625
Total charges for services	<u>1,176,375</u>	<u>988,557</u>	<u>(187,818)</u>	<u>899,831</u>
Intergovernmental	<u>150,500</u>	<u>166,761</u>	<u>16,261</u>	<u>26,377</u>
Interest	<u>65,100</u>	<u>159,688</u>	<u>94,588</u>	<u>29,072</u>
Other	<u>78,100</u>	<u>106,482</u>	<u>28,382</u>	<u>93,887</u>
Total revenues	<u>\$ 8,875,825</u>	<u>\$ 8,813,235</u>	<u>\$ (62,590)</u>	<u>\$ 8,768,611</u>

CITY OF LOCUST GROVE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2023
(with comparative totals for the year ended 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	\$ 97,700	\$ 92,861	\$ 4,839	\$ 94,903
Contractual services	121,500	80,490	41,010	86,786
Materials and supplies	1,500	142	1,358	228
Total Mayor and Council	220,700	173,493	47,207	181,917
Administration				
Personal services	1,006,250	920,349	85,901	876,889
Contractual services	434,750	565,095	(130,345)	531,494
Materials and supplies	182,700	233,482	(50,782)	122,930
Capital outlay	305,000	148,645	156,355	99,507
Total Administration	1,928,700	1,867,571	61,129	1,630,820
Total General Government	2,149,400	2,041,064	108,336	1,812,737
Judicial				
Municipal Court				
Personal services	170,750	164,765	5,985	157,685
Contract services	89,300	59,664	29,636	92,784
Materials and supplies	14,600	11,479	3,121	8,764
Capital outlay	8,750	0	8,750	0
Payments to others	166,750	216,853	(50,103)	168,276
Total Municipal Court	450,150	452,761	(2,611)	427,509
Public Safety				
Police				
Personal services	2,664,500	2,585,766	78,734	2,258,688
Contractual services	421,000	457,934	(36,934)	485,505
Materials and supplies	221,500	152,607	68,893	165,761
Capital outlay	207,500	248,553	(41,053)	178,709
Payments to others	6,000	0	6,000	0
Total Police	3,520,500	3,444,860	75,640	3,088,663

CITY OF LOCUST GROVE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2023
(with comparative totals for the year ended 2022)

	<u>2023</u>			<u>2022</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Public Works				
Streets				
Personal services	\$ 941,500	\$ 946,940	\$ (5,440)	\$ 802,430
Contractual services	294,450	201,434	93,016	220,710
Materials and supplies	316,000	356,239	(40,239)	266,893
Capital outlay	291,500	181,415	110,085	103,324
Total Streets	<u>1,843,450</u>	<u>1,686,028</u>	<u>157,422</u>	<u>1,393,357</u>
Fleet Maintenance				
Personal services	58,750	53,968	4,782	30,803
Contractual services	27,575	5,618	21,957	5,392
Materials and supplies	26,020	32,105	(6,085)	12,271
Capital outlay	3,000	0	3,000	0
Total Fleet Maintenance	<u>115,345</u>	<u>91,691</u>	<u>23,654</u>	<u>48,466</u>
Cemetery				
Contractual services	4,500	2,558	1,942	0
Materials and supplies	5,550	5,500	50	26,450
Capital outlay	15,725	13,200	2,525	0
Total Cemetery	<u>25,775</u>	<u>21,258</u>	<u>4,517</u>	<u>26,450</u>
Total Public Works	<u>1,984,570</u>	<u>1,798,977</u>	<u>185,593</u>	<u>1,468,273</u>
Culture and Recreation				
Parks and Recreation				
Personal services	17,650	0	17,650	0
Contractual services	23,500	23,583	(83)	24,374
Materials and supplies	34,500	42,996	(8,496)	40,389
Capital outlay	5,000	0	5,000	6,407
Total Parks and Recreation	<u>80,650</u>	<u>66,579</u>	<u>14,071</u>	<u>71,170</u>
Housing and Development				
Community Development				
Personal services	667,750	686,073	(18,323)	586,948
Contractual services	569,250	502,343	66,907	429,838
Materials and supplies	26,740	49,250	(22,510)	68,271
Capital outlay	17,500	6,182	11,318	58,200
Total Community Development	<u>1,281,240</u>	<u>1,243,848</u>	<u>37,392</u>	<u>1,143,257</u>
Debt Service				
Principal	227,000	219,963	7,037	0
Interest	0	6,831	(6,831)	0
Total Debt Service	<u>227,000</u>	<u>226,794</u>	<u>206</u>	<u>0</u>
Total expenditures	<u><u>\$ 9,693,510</u></u>	<u><u>\$ 9,274,883</u></u>	<u><u>\$ 418,627</u></u>	<u><u>\$ 8,011,609</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 43,077	\$ 14,529
FUND BALANCES		
Restricted for Public Safety	\$ 43,077	\$ 14,529

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, 2023
(with comparative totals for the year ended December 31, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	\$ 48,000	\$ 29,162	\$ (18,838)	\$ 15,291
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	0	614	(614)	10,000
Capital outlay	48,000	0	48,000	0
Total expenditures	48,000	614	47,386	10,000
Excess (deficiency) of revenues over (under) expenditures	0	28,548	28,548	5,291
Fund balances, January 1	0	14,529	14,529	9,238
Fund balances, December 31	\$ 0	\$ 43,077	\$ 43,077	\$ 14,529

CITY OF LOCUST GROVE, GEORGIA
AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 0	\$ 0
Total assets	\$ 0	\$ 0
 LIABILITIES		
Unearned revenue	\$ 0	\$ 0
Total liabilities	\$ 0	\$ 0

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, 2023
(with comparative totals for the year ended December 31, 2022)

	<u>2023</u>			<u>2022</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 3,078,236
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,078,236</u>
EXPENDITURES				
Excess (deficiency) of revenues over (under) expenditures	0	0	0	3,078,236
Other Financing Sources (Uses)				
Transfers in (out)				
General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,078,236)</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>
Fund balances, December 31	<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, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 1,423,846	\$ 1,128,559
Taxes receivable	170,313	90,787
Prepaid items	1,206	1,270
Total assets	\$ 1,595,365	\$ 1,220,616
LIABILITIES		
Accounts payable	\$ 78,617	\$ 82,180
Accrued salaries and expenses	0	1,841
Total liabilities	78,617	84,021
FUND BALANCES		
Nonspendable prepaid items	1,206	1,270
Restricted for Housing and Development	370,580	377,198
Assigned for Housing and Development	1,144,962	758,127
Total fund balances	1,516,748	1,136,595
Total liabilities and fund balances	\$ 1,595,365	\$ 1,220,616

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, 2023
(with comparative totals for the year ended December 31, 2022)

	<u>2023</u>			<u>2022</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Hotel/motel taxes	\$ 1,394,500	\$ 1,310,955	\$ (83,545)	\$ 1,194,303
Contributions	100	0	(100)	0
Interest	100	426	326	74
Total revenues	<u>1,394,700</u>	<u>1,311,381</u>	<u>(83,319)</u>	<u>1,194,377</u>
EXPENDITURES				
Current				
Housing and Development				
Personal services	223,000	119,500	103,500	107,297
Contract services	136,300	57,342	78,958	50,794
Materials and supplies	119,100	58,994	60,106	54,256
Capital outlay	332,800	11,721	321,079	0
Agency allocations	479,500	578,671	(99,171)	526,460
Total expenditures	<u>1,290,700</u>	<u>826,228</u>	<u>464,472</u>	<u>738,807</u>
Excess (deficiency) of revenues over (under) expenditures	104,000	485,153	381,153	455,570
Other Financing Sources (Uses)				
Transfers in (out)				
General Fund	<u>(105,000)</u>	<u>(105,000)</u>	<u>0</u>	<u>(96,250)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,000)	380,153	381,153	359,320
Fund balances, January 1	<u>1,000</u>	<u>1,136,595</u>	<u>1,135,595</u>	<u>777,275</u>
Fund balances, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 1,516,748</u></u>	<u><u>\$ 1,516,748</u></u>	<u><u>\$ 1,136,595</u></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, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,312,226	\$ 1,985,002
 LIABILITIES		
 FUND BALANCES		
Restricted for capital projects	\$ 2,312,226	\$ 1,985,002
Total liabilities and fund balances	\$ 2,312,226	\$ 1,985,002

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Charges for services	\$ 321,764	\$ 517,527
Interest	5,460	1,405
	<u>327,224</u>	<u>518,932</u>
Total revenues		
EXPENDITURES		
Capital outlay		
Recreation	0	2,780
	<u>0</u>	<u>2,780</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	327,224	516,152
Fund balances, January 1	<u>1,985,002</u>	<u>1,468,850</u>
Fund balances, December 31	<u><u>\$ 2,312,226</u></u>	<u><u>\$ 1,985,002</u></u>

CITY OF LOCUST GROVE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 3,707,280	\$ 4,461,741
Intergovernmental receivable	601,918	126,263
Total assets	\$ 4,309,198	\$ 4,588,004
LIABILITIES		
Accounts payable	\$ 131,837	\$ 55,927
Retainages payable	157,981	12,482
Due to other funds	390,298	298,853
Total liabilities	680,116	367,262
DEFERRED INFLOWS OF RESOURCES		
Unavailable sales tax	363,865	0
FUND BALANCES		
Restricted for capital projects	3,265,217	4,220,742
Total liabilities and fund balances	\$ 4,309,198	\$ 4,588,004

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, 2023 and 2022

	2023	2022
REVENUES		
Intergovernmental	\$ 1,549,770	\$ 2,038,452
Interest	60,101	11,285
	1,609,871	2,049,737
EXPENDITURES		
Capital outlay		
Public Works		
Streets	2,565,396	157,815
	2,565,396	157,815
Excess (deficiency) of revenues over (under) expenditures	(955,525)	1,891,922
Fund balances, January 1	4,220,742	2,328,820
Fund balances, December 31	\$ 3,265,217	\$ 4,220,742

CITY OF LOCUST GROVE, GEORGIA
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
For the years ended December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 1,246,788	\$ 1,000,990
Restricted assets		
Cash and cash equivalents	4,096,267	5,896,114
Intergovernmental receivable	353,662	189,966
Due from other funds	723,774	609,072
Total assets	\$ 6,420,491	\$ 7,696,142
LIABILITIES		
Retainages payable	\$ 0	\$ 183,452
FUND BALANCES		
Restricted for LMIG projects	114,702	0
Restricted for capital projects	6,305,789	7,512,690
Total fund balances	6,420,491	7,512,690
Total liabilities and fund balances	\$ 6,420,491	\$ 7,696,142

CITY OF LOCUST GROVE, GEORGIA
TRANSPORTATION 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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Intergovernmental	\$ 2,039,826	\$ 2,045,386
Interest	31,369	0
Total revenues	<u>2,071,195</u>	<u>2,045,386</u>
EXPENDITURES		
Capital outlay		
Public Works		
Streets	1,616,394	1,852,683
Debt service	<u>1,547,000</u>	<u>454,189</u>
Total expenditures	<u>3,163,394</u>	<u>2,306,872</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,092,199)</u>	<u>(261,486)</u>
Other financing sources (uses)		
Issuance of bonds payable	0	6,955,000
Bond premiums	<u>0</u>	<u>819,176</u>
Total other financing sources (uses)	<u>0</u>	<u>7,774,176</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,092,199)	7,512,690
Fund balances, January 1	<u>7,512,690</u>	<u>0</u>
Fund balances, December 31	<u><u>\$ 6,420,491</u></u>	<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, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,151,869	\$ 29,583
Receivables (net)		
Accounts	483,274	508,910
Lease	31,889	28,280
Interest	10,964	35,984
Prepaid items	6,116	3,418
Total current assets	1,684,112	606,175
Restricted assets		
Extension and Renewal		
Cash and cash equivalents	3,621,650	4,181,791
Debt Redemption		
Cash and cash equivalents	532,635	521,283
Customer Deposits		
Cash and cash equivalents	769,072	744,577
Total restricted assets	4,923,357	5,447,651
Noncurrent assets		
Lease receivable	224,431	256,320
Capital assets		
Land	2,355,375	2,355,375
Buildings	226,262	226,262
Vehicles and equipment	2,543,392	1,970,229
Infrastructure	35,569,285	29,888,372
Construction in progress	1,886,610	1,536,219
Accumulated depreciation	(13,718,851)	(12,716,191)
Total noncurrent assets	29,086,504	23,516,586
Total assets	35,693,973	29,570,412
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	136,818	88,925
LIABILITIES		
Current liabilities		
Accounts payable	313,419	155,213
Accrued salaries and expenses	0	10,429
Compensated absences	35,206	52,664
Due to other funds	827,869	88,318
Unearned revenue	2,432,754	2,582,949
Notes payable	52,144	50,693
Total current liabilities	3,661,392	2,940,266

CITY OF LOCUST GROVE, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
December 31, 2023 and 2022

	2023	2022
LIABILITIES		
Current liabilities payable from restricted assets		
Customer deposits payable	\$ 769,412	\$ 744,917
Interest payable	11,748	16,255
Bonds payable	605,000	595,000
Total current liabilities payable from restricted assets	1,386,160	1,356,172
Noncurrent liabilities		
Net pension liability	289,519	162,372
Notes payable	36,427	88,571
Bonds payable	2,060,000	2,665,000
Total noncurrent liabilities	2,385,946	2,915,943
Total liabilities	7,433,498	7,212,381
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	223,615	243,944
Deferred inflows related to pensions	2,466	64,584
Total deferred inflows of resources	226,081	308,528
NET POSITION		
Net investment in capital assets	26,043,799	19,838,325
Restricted for:		
Capital	3,621,650	4,181,791
Debt service	520,887	505,028
Unrestricted	(2,015,124)	(2,386,716)
Total net position	\$ 28,171,212	\$ 22,138,428

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 2,709,863	\$ 2,722,502
Sewer charges	2,230,709	2,170,576
Tap fees	137,595	113,135
Other	140,965	223,691
	<u>5,219,132</u>	<u>5,229,904</u>
Total operating revenues		
OPERATING EXPENSES		
Costs of sales and services	3,862,232	3,090,243
Personal services	533,374	501,678
Depreciation	1,002,660	905,314
	<u>5,398,266</u>	<u>4,497,235</u>
Total operating expenses		
Operating income (loss)	<u>(179,134)</u>	<u>732,669</u>
Non-operating revenues (expenses)		
Interest revenue	25,131	10,685
Interest expense	(61,082)	(68,235)
	<u>(35,951)</u>	<u>(57,550)</u>
Total non-operating revenues (expenses)		
Income (loss) before capital contributions	<u>(215,085)</u>	<u>675,119</u>
Capital contributions		
Impact fees	787,260	691,547
Capital contributions	5,460,609	3,377,850
	<u>6,247,869</u>	<u>4,069,397</u>
Total capital contributions		
Change in net position	6,032,784	4,744,516
Net position, January 1	<u>22,138,428</u>	<u>17,393,912</u>
Net position, December 31	<u><u>\$ 28,171,212</u></u>	<u><u>\$ 22,138,428</u></u>

CITY OF LOCUST GROVE, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from customers	\$ 5,127,019	\$ 5,157,614
Payments to suppliers	(3,748,750)	(2,973,408)
Payments to employees	(544,125)	(494,823)
	<u>834,144</u>	<u>1,689,383</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>739,551</u>	<u>31,408</u>
Cash flows from capital and related financing activities:		
Receipts from capital contributions	787,260	691,547
Interest paid	(65,589)	(71,150)
Acquisition of capital assets	(1,079,155)	(1,175,373)
Payment of capital related accounts payable	(22,677)	(126,962)
Principal payments - bonds payable	(595,000)	(595,000)
Principal payments - notes payable	(50,693)	(49,374)
	<u>(1,025,854)</u>	<u>(1,326,312)</u>
Cash flows from investing activities:		
Interest received	<u>50,151</u>	<u>3,955</u>
Net increase (decrease) in cash and cash equivalents	597,992	398,434
Cash and cash equivalents, January 1	<u>5,477,234</u>	<u>5,078,800</u>
Cash and cash equivalents, December 31	<u><u>\$ 6,075,226</u></u>	<u><u>\$ 5,477,234</u></u>

CITY OF LOCUST GROVE, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

	2023	2022
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (179,134)	\$ 732,669
 Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,002,660	905,314
(Increase) decrease in accounts receivable	25,636	(22,371)
(Increase) decrease in lease receivable	28,280	0
(Increase) decrease in prepaid items	(2,698)	643
(Increase) decrease in pension deferred outflows	(47,893)	(27,147)
Increase (decrease) in accounts payable	116,180	116,192
Increase (decrease) in accrued salaries and expenses	(10,429)	2,353
Increase (decrease) in compensated absences	(17,458)	23,060
Increase (decrease) in unearned revenue	(150,195)	(93,921)
Increase (decrease) in deposits payable	24,495	64,330
Increase (decrease) in pension deferred inflows	(62,118)	(40,385)
Increase (decrease) in lease deferred inflows	(20,329)	(20,328)
Increase (decrease) in net pension liability	127,147	48,974
 Total adjustments	1,013,278	956,714
 Net cash provided (used) by operating activities	\$ 834,144	\$ 1,689,383
 Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 1,151,869	\$ 29,583
Extension and Renewal		
Cash and cash equivalents	3,621,650	4,181,791
Debt Redemption		
Cash and cash equivalents	532,635	521,283
Customers Deposits		
Cash and cash equivalents	769,072	744,577
 Total cash and cash equivalents	\$ 6,075,226	\$ 5,477,234

Noncash investing, capital, and financing activities:

Contributions of capital assets from developers totaled \$5,460,609 and \$3,377,850, respectively, for the years ended December 31, 2023 and 2022.

Acquisition of capital assets through accounts payable totaled \$64,703 and \$22,677, respectively, for the years ended December 31, 2023 and 2022.

CITY OF LOCUST GROVE, GEORGIA
SOLID WASTE MANAGEMENT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 202,457	\$ 181,199
Accounts receivable (net)	94,287	77,695
Prepaid items	1,206	711
Total current assets	297,950	259,605
Capital assets		
Vehicles and equipment	177,471	113,340
Accumulated depreciation	(116,999)	(112,465)
Total capital assets (net of accumulated depreciation)	60,472	875
Total assets	358,422	260,480
DEFERRED OUTFLOWS OF RESOURCES		
Deferred inflows related to pensions	38,522	11,116
LIABILITIES		
Current liabilities		
Accounts payable	53,598	1,075
Accrued salaries and expenses	0	1,516
Compensated absences	1,918	5,112
Total current liabilities	55,516	7,703
Noncurrent liabilities		
Net pension liability	64,338	20,296
Total liabilities	119,854	27,999
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	153	8,806
NET POSITION		
Investment in capital assets	60,472	875
Unrestricted	216,465	233,916
Total net position	\$ 276,937	\$ 234,791

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, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	\$ 806,196	\$ 670,028
Other	10,856	8,378
Total operating revenues	817,052	678,406
OPERATING EXPENSES		
Costs of sales and services	675,763	556,958
Personal services	94,610	78,397
Depreciation	4,533	500
Total operating expenses	774,906	635,855
Operating income (loss)	42,146	42,551
Net position, January 1	234,791	192,240
Net position, December 31	\$ 276,937	\$ 234,791

CITY OF LOCUST GROVE, GEORGIA
SOLID WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from customers	\$ 789,604	\$ 665,301
Payments to suppliers	(623,735)	(563,684)
Payments to employees	(91,337)	(68,418)
Other receipts	10,856	0
	<u>85,388</u>	<u>33,199</u>
Cash flows from non-capital financing activities		
Receipts from other funds	<u>0</u>	<u>148,000</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	<u>(64,130)</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	21,258	181,199
Cash and cash equivalents, January 1	<u>181,199</u>	<u>0</u>
Cash and cash equivalents, December 31	<u><u>\$ 202,457</u></u>	<u><u>\$ 181,199</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 42,146</u>	<u>\$ 42,551</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	4,533	500
(Increase) decrease in accounts receivable	(16,592)	(13,105)
(Increase) decrease in prepaid items	(495)	(118)
(Increase) decrease in pension deferred outflows	(27,406)	(7,098)
Increase (decrease) in accounts payable	52,523	830
Increase (decrease) in accrued salaries and expenses	(1,516)	1,516
Increase (decrease) in compensated absences	(3,194)	2,970
Increase (decrease) in pension deferred inflows	(8,653)	1,018
Increase (decrease) in net pension liability	44,042	4,135
Total adjustments	<u>43,242</u>	<u>(9,352)</u>
Net cash provided by operating activities	<u><u>\$ 85,388</u></u>	<u><u>\$ 33,199</u></u>

CITY OF LOCUST GROVE, GEORGIA
STORM WATER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 620,468	\$ 563,557
Accounts receivable (net)	59,101	69,378
Prepaid items	1,415	1,346
Total current assets	680,984	634,281
Capital assets		
Vehicles and equipment	549,991	549,991
Infrastructure	4,042,227	1,877,918
Accumulated depreciation	(463,660)	(337,193)
Total capital assets (net of accumulated depreciation)	4,128,558	2,090,716
Total assets	4,809,542	2,724,997
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	30,404	22,231
LIABILITIES		
Current liabilities		
Accounts payable	7,248	6,890
Accrued salaries and expenses	0	3,505
Compensated absences	11,351	25,273
Notes payable	16,527	15,912
Total current liabilities	35,126	51,580
Noncurrent liabilities		
Net pension liability	64,338	40,593
Notes payable	0	16,500
Total noncurrent liabilities	64,338	57,093
Total liabilities	99,464	108,673
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	990	15,747
NET POSITION		
Net investment in capital assets	4,112,031	2,058,303
Unrestricted	627,461	564,505
Total net position	\$ 4,739,492	\$ 2,622,808

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for sales and services		
Storm water charges	\$ 438,008	\$ 438,637
Total operating revenues	<u>438,008</u>	<u>438,637</u>
OPERATING EXPENSES		
Costs of sales and services	173,654	122,918
Personal services	184,375	161,512
Depreciation	<u>126,468</u>	<u>66,663</u>
Total operating expenses	<u>484,497</u>	<u>351,093</u>
Operating income (loss)	(46,489)	87,544
Non-operating revenues (expenses)		
Interest expense	<u>(1,137)</u>	<u>(2,391)</u>
Income (loss) before capital contributions	(47,626)	85,153
Capital contributions	<u>2,164,310</u>	<u>1,286,800</u>
Change in net position	2,116,684	1,371,953
Net position, January 1	<u>2,622,808</u>	<u>1,250,855</u>
Net position, December 31	<u>\$ 4,739,492</u>	<u>\$ 2,622,808</u>

CITY OF LOCUST GROVE, GEORGIA
STORM WATER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from customers	\$ 448,285	\$ 441,329
Payments to suppliers	(173,365)	(119,518)
Payments to employees	<u>(200,987)</u>	<u>(174,256)</u>
Net cash provided (used) by operating activities	<u>73,933</u>	<u>147,555</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>0</u>	<u>316,877</u>
Cash flows from capital and related financing activities:		
Principal payments - notes payable	(15,885)	(37,781)
Interest paid	(1,137)	(2,391)
Acquisition of capital assets	<u>0</u>	<u>(13,950)</u>
Net cash provided (used) by capital and related financing activities	<u>(17,022)</u>	<u>(54,122)</u>
Net increase (decrease) in cash and cash equivalents	56,911	410,310
Cash and cash equivalents, January 1	<u>563,557</u>	<u>153,247</u>
Cash and cash equivalents, December 31	<u><u>\$ 620,468</u></u>	<u><u>\$ 563,557</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ (46,489)</u>	<u>\$ 87,544</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	126,468	66,663
(Increase) decrease in accounts receivable	10,277	2,692
(Increase) decrease in prepaid items	(69)	(160)
(Increase) decrease in pension deferred outflows	(8,173)	(4,580)
Increase (decrease) in accounts payable	358	3,560
Increase (decrease) in accrued salaries and expenses	(3,505)	(271)
Increase (decrease) in compensated absences	(13,922)	7,302
Increase (decrease) in pension deferred inflows	(14,757)	(23,466)
Increase (decrease) in net pension liability	<u>23,745</u>	<u>8,271</u>
Total adjustments	<u>120,422</u>	<u>60,011</u>
Net cash provided (used) by operating activities	<u><u>\$ 73,933</u></u>	<u><u>\$ 147,555</u></u>

Noncash investing, capital, and financing activities:

Contributions of capital assets from developers totaled \$2,164,310 and \$1,286,800, respectively, for the years ended December 31, 2023 and 2022.

OTHER REPORTING SECTION

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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, 2023, 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 26, 2024.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

2023-001

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.

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2023-001, continued

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.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described below to be a significant deficiency:

2023-002

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.

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.

Material Noncompliance

2023-003

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.

2023-003, continued

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

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

Management Response: Management concurs with this finding. The City has recorded amounts due to 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.

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

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.

Rushton, LLC

Gainesville, Georgia
June 26, 2024

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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, 2023

<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>
<u>SPLOST IV</u>					
Roads, Bridges, Sidewalks and Transportation Facilities	\$ 1,550,000	\$ 2,210,873	\$ 1,488,945	\$ 721,928	\$ 2,210,873
Public Safety Facilities and Equipment	2,750,000	3,538,917	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	5,400	5,400	0	5,400
Stormwater Improvement:	200,000	0	0	0	0
Total	\$ 5,300,000	\$ 6,280,190	\$ 5,558,262	\$ 721,928	\$ 6,280,190

<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>
<u>SPLOST V</u>					
Roads, bridges, sidewalks and transportation facilities	\$ 4,250,000	\$ 4,250,000	\$ 0	\$ 1,407,693	\$ 1,407,693
Construction and renovation of municipal buildings	500,000	500,000	0	435,775	435,775
Total	\$ 4,750,000	\$ 4,750,000	\$ 0	\$ 1,843,468	\$ 1,843,468

* 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, 2023

<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>
<u>2022 TSPLOST</u>					
State Route 42 Congestion Relief Road Widening	\$ 4,300,000	\$ 4,300,000	\$ 0	\$ 18,500	\$ 18,500
Bill Gardner West Widening	500,000	519,182	0	519,182	519,182
State Route 42 Extra Lane	900,000	900,000	0	0	0
Resurfacing	2,500,839	4,932,584	2,306,872	2,625,712	4,932,584
Signal/Intersection Improvement	400,000	400,000	0	0	0
Bikeway/Pathway Network Shared Use Signage	250,000	250,000	0	0	0
Total	<u>\$ 8,850,839</u>	<u>\$ 11,301,766</u>	<u>\$ 2,306,872</u>	<u>\$ 3,163,394</u>	<u>\$ 5,470,266</u>

* 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.