

CITY OF GRANTVILLE, GEORGIA

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

SEPTEMBER 30, 2022

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Certified Public Accountants

CITY OF GRANTVILLE, GEORGIA

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the City Council
Grantville, Georgia

Report on the Financial Statements

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 Grantville, Georgia, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Grantville, Georgia, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual on page 45, the Special Revenue Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual on page 46 through 49, the Schedule of Changes in Net Pension Liability on page 51, and the Schedule of Employer Contributions on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grantville, Georgia's basic financial statements. The introductory section, and the Schedule of Expenditures of Special Purpose Local Option Sales Tax required by the Official Code of Georgia 48-8-121 on page 50 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Special Purpose Local Option Sales Tax on page 50 is the responsibility of management and was derived from and relates directly to the

underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Special Purpose Local Option Sales Tax is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2023 on our consideration of the City of Grantville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Grantville, Georgia's internal control over financial reporting and compliance.



Gadsden, Alabama
March 24, 2023

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,020,036	\$ 3,564,341	\$ 6,584,377
Investments	174,416	-	174,416
Taxes receivable, net of allowances	647,055	-	647,055
Accounts receivable, net of allowances	92,349	424,768	517,117
Due from other governments	24,228	-	24,228
Due from other funds	8,257	325	8,582
Prepaid assets	141,275	21,757	163,032
Restricted cash	-	333,787	333,787
Restricted investments	947,091	728,750	1,675,841
Capital assets:			
Non-depreciable	153,038	58,494	211,532
Depreciable, net of accumulated depreciation	<u>5,177,583</u>	<u>8,569,674</u>	<u>13,747,257</u>
Total Assets	10,385,328	13,701,896	24,087,224
Deferred Outflows			
Pension Related	<u>105,197</u>	<u>44,819</u>	<u>\$ 150,016</u>
Total Assets and Deferred Outflows	<u>\$ 10,490,525</u>	<u>\$ 13,746,715</u>	<u>\$ 24,237,240</u>
LIABILITIES			
Accounts payable	\$ 62,707	\$ 143,115	\$ 205,822
Accrued liabilities	124,964	15,678	140,642
Due to other funds	8,532	-	8,532
Customer deposits payable	-	249,901	249,901
Compensated absences, due within one year	46,618	1,021	47,639
Operating Lease Liability	349,830	-	349,830
Net Pension Liability	359,295	153,081	512,376
Notes payable, due within one year	-	93,797	93,797
Notes payable, due in more than one year	-	251,190	251,190
Bonds payable, due within one year	-	22,354	22,354
Bonds payable, due in more than one year	-	324,841	324,841
Total Liabilities	951,946	1,254,978	2,206,924
NET POSITION			
Net investment in capital assets	5,330,621	7,935,986	13,266,607
Restricted for:			
Public safety	650,426	-	650,426
Capital projects	2,431,664	-	2,431,664
Public works	-	986,236	986,236
Debt Service	-	76,301	76,301
Unrestricted	<u>1,125,868</u>	<u>3,493,214</u>	<u>4,619,082</u>
Total Net Position	<u>9,538,579</u>	<u>12,491,737</u>	<u>22,030,316</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 10,490,525</u>	<u>\$ 13,746,715</u>	<u>\$ 24,237,240</u>

See Notes to Financial Statements

**CITY OF GRANTVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<i>Functions</i>	Expenses	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Changes in Net Position</i>		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 593,894	\$ 202,135	\$ 126,726	\$ 241,847	\$ (23,186)	\$ -	\$ (23,186)
Judicial	223,474	359,646	-	-	136,172	-	136,172
Public safety	1,907,614	113,099	-	89,424	(1,705,091)	-	(1,705,091)
Public works	728,300	-	-	1,076,240	347,940	-	347,940
Health and welfare	344,993	-	169,802	-	(175,191)	-	(175,191)
Culture and recreation	223,073	-	-	89,424	(133,649)	-	(133,649)
Housing and development	31,577	-	-	-	(31,577)	-	(31,577)
Total Governmental Activities	4,052,925	674,880	296,528	\$ 1,496,935	(1,584,582)	-	(1,584,582)
Business-type Activities:							
Water and sewer	1,409,879	1,041,421	-	-	-	(368,458)	(368,458)
Electric	1,515,606	1,575,106	-	-	-	59,500	59,500
Gas	512,224	511,187	-	-	-	(1,037)	(1,037)
Solid waste	240,330	224,073	-	-	-	(16,257)	(16,257)
Total Business-type Activities	3,678,039	3,351,787	-	-	-	(326,252)	(326,252)
Total Primary Government	\$ 7,730,964	\$ 4,026,667	\$ 296,528	\$ 1,496,935	(1,584,582)	(326,252)	(1,910,834)
General Revenues:							
Property taxes					732,728	-	732,728
Sales taxes					1,066,360	-	1,066,360
Franchise taxes					50,104	-	50,104
Insurance premium taxes					253,468	-	253,468
Other taxes					72,644	-	72,644
Gain on sale of assets					6,520	-	6,520
Other					196,908	-	196,908
Unrestricted investment earnings					14,420	56,307	70,727
Transfers					(310,243)	310,243	-
Total General Revenues and Transfers					2,082,909	366,550	2,449,459
Change in Net Position					498,327	40,298	538,625
Net Position, Beginning					9,023,259	12,451,439	21,474,698
Cumulative Effect of Change in Accounting Principle (See Note 1(P))					16,993	-	16,993
Net Position, Ending					\$ 9,538,579	\$ 12,491,737	\$ 22,030,316

See Notes to Financial Statements

**CITY OF GRANTVILLE, GEORGIA
BALANCE SHEETS - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General Fund	2013 SPLOST Fund	2019 SPLOST Fund	Drug Fund	Federal Seized Fund	Court Fund	ARP Fund	Total Governmental Funds
ASSETS								
Cash and cash equivalents	912,720	57,522	527,529	59,572	78,888	530,789	853,016	3,020,036
Investments	174,416	-	-	-	-	-	-	174,416
Taxes receivable	647,055	-	-	-	-	-	-	647,055
Accounts Receivable	25,054	-	67,295	-	-	-	-	92,349
Due from other governments	24,228	-	-	-	-	-	-	24,228
Due from other funds	8,257	-	-	-	-	-	-	8,257
Prepaid expenses	136,941	-	-	-	-	4,334	-	141,275
Restricted cash and investments	-	-	947,091	-	-	-	-	947,091
Total Assets	1,928,671	57,522	1,541,915	59,572	78,888	535,123	853,016	5,054,707
LIABILITIES AND FUND BALANCES								
<u>Liabilities</u>								
Accounts payable	26,240	11,448	9,341	3,305	-	12,373	-	62,707
Due to other funds	5,620	-	-	2,912	-	-	-	8,532
Accrued liabilities	124,731	-	-	-	-	233	-	124,964
Total Liabilities	156,591	11,448	9,341	6,217	-	12,606	-	196,203
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues - property taxes	551,796	-	-	-	-	-	-	551,796
Total deferred inflows of resources	551,796	-	-	-	-	-	-	551,796
FUND BALANCES								
Nonspendable:								
Prepays	136,941	-	-	-	-	4,334	-	141,275
Restricted for:								
Public safety	-	-	-	53,355	78,888	518,183	-	650,426
Capital projects	-	46,074	1,532,574	-	-	-	853,016	2,431,664
Unassigned	1,083,343	-	-	-	-	-	-	1,083,343
Total Fund Balances	1,220,284	46,074	1,532,574	53,355	78,888	522,517	853,016	4,306,708
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 1,928,671	\$ 57,522	\$ 1,541,915	\$ 59,572	\$ 78,888	\$ 535,123	\$ 853,016	\$ 5,054,707

See Notes to Financial Statements

**CITY OF GRANTVILLE, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Total fund balances of governmental funds \$ 4,306,708

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Governmental capital assets	12,006,744	
Less: Accumulated depreciation	<u>(6,676,123)</u>	
Total Capital Assets		5,330,621

Long-term assets (receivables) are not available to pay current period expenditures and; therefore, are unavailable in the funds		551,796
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net position.

Compensated absences	(46,618)	
Operating lease liability	(349,830)	
Net pension liability and deferred outflows not reported in the funds	(254,098)	
		<u>(650,546)</u>

Net position of governmental activities **\$ 9,538,579**

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

	General Fund	2013 SPLOST Fund	2019 SPLOST Fund	Drug Fund	Federal Seized Fund	Court Fund	ARP Fund	Total Governmental Funds
REVENUES:								
Taxes	\$ 2,142,276	-	-	-	-	-	-	\$ 2,142,276
Licenses and permits	184,513	-	-	-	-	-	-	184,513
Intergovernmental	271,896	-	809,828	-	-	-	629,418	1,711,142
Fines and forfeitures	-	-	-	34,212	78,887	359,646	-	472,745
Charges for services	17,622	-	-	-	-	-	-	17,622
Interest	14,411	10	3,552	8	1	-	51	18,033
Contributions	10,620	-	68,088	-	-	-	-	78,708
Other	196,908	-	-	-	-	-	-	196,908
Total Revenues	2,838,246	10	881,468	34,220	78,888	359,646	629,469	4,821,947
EXPENDITURES:								
Current								
General government	313,921	-	123,415	-	-	-	116,106	553,442
Judicial	-	-	-	-	-	206,900	-	206,900
Public safety	1,648,201	40,193	20,595	67,139	-	-	-	1,776,128
Public works	312,097	72,883	146,113	-	-	-	177,395	708,488
Health and welfare	312,779	-	-	-	-	-	-	312,779
Recreation	87,281	19,712	93,391	-	-	-	-	200,384
Housing and development	31,577	-	-	-	-	-	-	31,577
Total Expenditures	2,705,856	132,788	383,514	67,139	-	206,900	293,501	3,789,698
Excess Revenues Over (Under) Expenditures	132,390	(132,778)	497,954	(32,919)	78,888	152,746	335,968	1,032,249
Other Financing Sources (Uses):								
Proceeds from sale of capital assets	41,059	-	-	-	-	-	-	41,059
Operating Lease Liability	46,701	-	-	-	-	-	-	46,701
Transfers in	300	-	-	-	-	8,190	-	8,490
Transfers out	(227,773)	-	-	-	-	-	-	(227,773)
Total Other Financing Sources (Uses)	(139,713)	-	-	-	-	8,190	-	(131,523)
Change in Fund Balance	(7,323)	(132,778)	497,954	(32,919)	78,888	160,936	335,968	900,726
Fund Balance, Beginning	1,227,607	178,852	1,034,620	86,274	-	361,581	517,048	3,405,982
Fund Balance, Ending	\$ 1,220,284	\$ 46,074	\$ 1,532,574	\$ 53,355	\$ 78,888	\$ 522,517	\$ 853,016	\$ 4,306,708

See Notes to Financial Statements

**CITY OF GRANTVILLE, 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 SEPTEMBER 30, 2022**

Net change in fund balances total governmental funds \$ 900,726

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and depreciated over their estimated useful lives.

Expenditures for capital assets	259,276	
Less: current year depreciation	<u>(459,620)</u>	(200,344)

Governmental funds report proceeds from sales of capital assets as other financing uses. However, in the Statement of Activities, the associated undepreciated costs of the assets sold are deducted against the proceeds and a gain or loss is recorded. (34,539)

Revenues in the statement of activities that do not provide current financial resources are not in the governmental funds because they are not financial resources. 33,028

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

Change in compensated absences	(17,320)	
Change in operating lease liability	117,575	
Change in net pension liability and deferred outflows	(254,098)	

Operating lease liabilities arising from leasing arrangements in the current period are recorded as other financing sources in the governmental funds but are liabilities in the statement of net position (46,701)

Change in net position of governmental activities **\$ 498,327**

**CITY OF GRANTVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022**

Business-type Activities - Enterprise Funds

	Water and Sewer Fund	Electric Fund	Gas Fund	Non-major Enterprise Solid Waste Fund	Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 700,533	\$ 1,698,843	\$ 1,086,647	\$ 78,318	\$ 3,564,341
Accounts receivable, net of allowances	101,745	289,167	10,761	23,095	424,768
Due from Other Funds	195	65	65	-	325
Prepaid assets	11,483	5,075	5,199	-	21,757
	<u>813,956</u>	<u>1,993,150</u>	<u>1,102,672</u>	<u>101,413</u>	<u>4,011,191</u>
Restricted Assets					
Restricted cash	76,301	39,571	217,915	-	333,787
Restricted investments	-	728,750	-	-	728,750
	<u>76,301</u>	<u>768,321</u>	<u>217,915</u>	<u>-</u>	<u>1,062,537</u>
Total Current Assets	890,257	2,761,471	1,320,587	101,413	5,073,728
Capital assets					
Non-depreciable	45,211	12,703	580	-	58,494
Depreciable, net of accumulated depreciation	6,848,320	655,451	1,065,903	-	8,569,674
Total Non-current Assets	6,893,531	668,154	1,066,483	-	8,628,168
Total Assets	7,783,788	3,429,625	2,387,070	101,413	13,701,896
Deferred Outflows					
Pension Related	22,219	12,231	10,369	-	44,819
	<u>22,219</u>	<u>12,231</u>	<u>10,369</u>	<u>-</u>	<u>44,819</u>
Total Assets and Deferred Outflows	\$ 7,806,007	\$ 3,441,856	\$ 2,397,439	\$ 101,413	\$ 13,746,715
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 31,831	\$ 59,861	\$ 18,843	\$ 32,580	\$ 143,115
Accrued liabilities	2,187	11,969	1,484	38	15,678
Customer deposits payable	71,021	109,780	69,100	-	249,901
Compensated absences, due within one year	1,021	-	-	-	1,021
Notes payable, due within one year	93,797	-	-	-	93,797
Bonds payable, due within one year	22,354	-	-	-	22,354
	<u>222,211</u>	<u>181,610</u>	<u>89,427</u>	<u>32,618</u>	<u>525,866</u>
Total Current Liabilities	222,211	181,610	89,427	32,618	525,866
Noncurrent Liabilities					
Net Pension Liability	75,890	41,774	35,417	-	153,081
Notes payable, due in more than one year	251,190	-	-	-	251,190
Bonds payable, due in more than one year	324,841	-	-	-	324,841
	<u>651,921</u>	<u>41,774</u>	<u>35,417</u>	<u>-</u>	<u>729,112</u>
Total Noncurrent Liabilities	651,921	41,774	35,417	-	729,112
Total Liabilities	874,132	223,384	124,844	32,618	1,254,978
NET POSITION					
Net investment in capital assets	6,201,349	668,154	1,066,483	-	7,935,986
Restricted for Public Works	-	768,321	217,915	-	986,236
Restricted for Debt Service	76,301	-	-	-	76,301
Unrestricted	654,225	1,781,997	988,197	68,795	3,493,214
	<u>6,931,875</u>	<u>3,218,472</u>	<u>2,272,595</u>	<u>68,795</u>	<u>12,491,737</u>
Total Net Position	6,931,875	3,218,472	2,272,595	68,795	12,491,737
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 7,806,007	\$ 3,441,856	\$ 2,397,439	\$ 101,413	\$ 13,746,715

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Business-type Activities - Enterprise Funds

	Water and Sewer Fund	Electric Fund	Gas Fund	Non-major Enterprise Solid Waste Fund	Totals
OPERATING REVENUE					
Charges for sales and services	\$ 1,041,421	\$ 1,575,106	\$ 511,187	\$ 224,073	\$ 3,351,787
Total Revenues	<u>1,041,421</u>	<u>1,575,106</u>	<u>511,187</u>	<u>224,073</u>	<u>3,351,787</u>
OPERATING EXPENSES					
Costs of sales and services	224,932	1,079,272	227,416	222,234	1,753,854
General operating costs	884,615	323,788	238,705	18,096	1,465,204
Depreciation	<u>275,436</u>	<u>112,546</u>	<u>46,103</u>	<u>-</u>	<u>434,085</u>
Total Operating Expenses	<u>1,384,983</u>	<u>1,515,606</u>	<u>512,224</u>	<u>240,330</u>	<u>3,653,143</u>
Operating Income (Loss)	(343,562)	59,500	(1,037)	(16,257)	(301,356)
NON-OPERATING INCOME (EXPENSES)					
Interest income	22	4	22	-	48
Interest expense	(24,896)	-	-	-	(24,896)
Investment income (loss)	<u>-</u>	<u>35,325</u>	<u>20,934</u>	<u>-</u>	<u>56,259</u>
Total Non-Operating Income (Expenses)	<u>(24,874)</u>	<u>35,329</u>	<u>20,956</u>	<u>-</u>	<u>31,411</u>
Capital Contributions	90,960	-			90,960
Transfers in	256,117	42,170	25,766	1,312	325,365
Transfers out	<u>(106,082)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,082)</u>
	<u>240,995</u>	<u>42,170</u>	<u>25,766</u>	<u>1,312</u>	<u>310,243</u>
Change in Net Position	(127,441)	136,999	45,685	(14,945)	40,298
Total Net Position, Beginning	<u>7,059,316</u>	<u>3,081,473</u>	<u>2,226,910</u>	<u>83,740</u>	<u>12,451,439</u>
Total Net Position, Ending	<u>\$ 6,931,875</u>	<u>\$ 3,218,472</u>	<u>\$ 2,272,595</u>	<u>\$ 68,795</u>	<u>\$ 12,491,737</u>

See Notes to Financial Statements

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

Business-type Activities - Enterprise Funds

	Water and Sewer Fund	Electric Fund	Gas Fund	Non-major Enterprise Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,064,136	\$ 1,519,283	\$ 526,989	\$ 226,765	\$ 3,337,173
Payments to suppliers	(899,771)	(1,242,469)	(327,598)	(206,867)	(2,676,705)
Payments to employees	(203,436)	(134,902)	(115,382)	(17,147)	(470,867)
Net cash provided by (used in) operating activities	(39,071)	141,912	84,009	2,751	189,601
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	256,117	42,170	25,766	1,312	325,365
Transfer out to other funds	(106,082)	-	-	-	(106,082)
Net cash provided by (used in) non-capital financing activities	150,035	42,170	25,766	1,312	219,283
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on notes payable	(90,302)	-	-	-	(90,302)
Principal payments on bonds payable	(21,774)	-	-	-	(21,774)
Interest paid	(25,206)	-	-	-	(25,206)
Net cash used in capital and related financing	(137,282)	-	-	-	(137,282)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	22	35,329	20,956	-	56,307
Net cash provided by (used in) investing activities	22	35,329	20,956	-	56,307
Net Increase (Decrease) in cash	(26,296)	219,411	130,731	4,063	327,909
Cash, Beginning	803,130	2,247,753	1,173,831	74,255	4,298,969
Cash, Ending	\$ 776,834	\$ 2,467,164	\$ 1,304,562	\$ 78,318	\$ 4,626,878
Classified as:					
Cash	\$ 700,533	\$ 1,698,843	\$ 1,086,647	\$ 78,318	\$ 3,564,341
Restricted cash and investments	76,301	768,321	217,915	-	1,062,537
Total	\$ 776,834	\$ 2,467,164	\$ 1,304,562	\$ 78,318	\$ 4,626,878
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (343,562)	\$ 59,500	\$ (1,037)	\$ (16,257)	\$ (301,356)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	275,436	112,546	46,103	-	434,085
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	22,115	(54,730)	13,503	2,692	(16,420)
(Increase) decrease in prepaid items	(1,488)	5,884	271	-	4,667
(Increase) decrease in deferred outflows	(22,219)	(12,231)	(10,369)	-	(44,819)
Increase (decrease) in accounts payable	(34,438)	(5,447)	1,584	16,678	(21,623)
Increase (decrease) in accrued liabilities	(5,657)	(2,399)	(2,014)	(302)	(10,372)
Increase (decrease) in customer deposits payable	600	(700)	2,300	-	2,200
Increase (decrease) in compensated absences payable	(5,748)	(2,285)	(1,749)	(60)	(9,842)
Increase (decrease) in net pension liability	75,890	41,774	35,417	-	153,081
Net cash provided by (used in) operating activities	\$ (39,071)	\$ 141,912	\$ 84,009	\$ 2,751	\$ 189,601
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Non-Cash Investing Activities					
Reassignment of Capital Assets Purchased by Governmental Funds Transferred to Enterprise Funds	90,960	-	-	-	90,960

**CITY OF GRANTVILLE, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022**

	Assets	Private-Purpose Trust
Cash		<u>\$ 5,715</u>
Total Assets		<u>\$ 5,715</u>
	Liabilities	
Due to other funds		<u>\$ 50</u>
Total Liabilities		<u>\$ 50</u>
	Net Position	
Held in trust for other purposes		<u>5,665</u>
Total Net Position		<u>\$ 5,665</u>
Total Net Position and Liabilities		<u>\$ 5,715</u>

**CITY OF GRANTVILLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Private-Purpose Trust
Additions:	
Other sources	461
Total Additions	461
Deductions:	
Cemetery services	-
Total Deductions	-
Change in Net Position	461
Net position, Beginning	5,204
Net position, Ending	\$ 5,665

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Grantville, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

Incorporated in 1852, under the laws of the State of Georgia, the City of Grantville is governed by a five member Mayor/Council form of government. The Mayor and Council are elected to four-year terms. The Mayor and the other four Council members serve on a part-time basis. The Mayor and Council appoint a city manager to handle the daily operations of the City.

The City's major operations include public safety, public works, culture and recreation, housing and development, utility services and general administrative services.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position will include non-current assets, deferred inflows of resources, and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

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

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

The City reports the following major governmental funds:

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

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **2013 SPLOST Fund** is used to account for the one percent Special Purpose Local Option Tax (SPLOST) funds collected as part of the referendum adopted in 2012. The funds are used for specific capital projects as approved by voter referendum.

The **2019 SPLOST Fund** is used to account for the one percent Special Purpose Local Option Tax (SPLOST) funds collected as part of the referendum adopted in 2019. The funds are used for specific capital projects as approved by voter referendum.

The **Drug Fund** accounts for revenue from seizures and forfeitures which are legally restricted to expenditures for law enforcement services.

The **Federal Seized Fund** accounts for revenue from seizures and forfeitures in conjunction with federal agencies which are legally restricted to expenditures for law enforcement services.

The **American Rescue Plan Fund (ARP Fund)** accounts for revenue received from the State of Georgia American Rescue Plan funds restricted for expenditures incurred as a result of the COVID-19 Pandemic.

The **Court Fund** is used to account for all operations of the court including fines and other fees for violations of city ordinances.

The City reports the following major enterprise funds:

The **Water and Sewer Fund** is used to account for all operations relating to activities conducted in the operation of a municipal water supply and wastewater treatment system.

The **Electric Fund** is used to account for all operations related to providing electrical utilities to citizens of the City.

The **Gas Fund** is used to account for all operations related to providing natural gas utilities to citizens of the City.

The City reports the following fiduciary funds:

The *fiduciary fund* accounts for funds collected and expended on the cemetery.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City also reports the following non-major fund type:

The *enterprise fund* is used to account for the charges and expenses incurred in providing garbage services to the city. The City has a service contract in place with a third party to provide the collection and disposal of solid waste.

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

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

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 enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods 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.

D. Budgets

An annual appropriated budget is adopted for the General Fund, the Drug Fund, the Federal Seized Fund, the ARP Fund, and the Court Fund. A project-length budget is adopted for the 2013 and 2019 SPLOST Funds. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. The City does not use encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of State or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

F. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by a fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond September 30, 2022, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported on the consumption basis of accounting.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with GASB 34, infrastructure assets acquired prior to October 1, 2003 have not been capitalized.

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

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Land Improvements	15 to 30
Buildings	25 to 70
Vehicles	5 to 8
Equipment	5 to 10
Water distribution system	15 to 75
Sewerage treatment plant	40 to 70
Gas distribution system	25 to 50
Electricity distribution system	25 to 50
General infrastructure	50

I. Restricted Assets

Restricted assets in the enterprise funds include amounts for customer utility deposits, funds established for debt service for revenue bonds, and amounts related to the Municipal Electric Authority of Georgia (MEAG) trust accounts.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

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

K. Deferred Outflows / Inflows of Resources

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of October 1, 2012. These standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of financial position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category.

The governmental funds report unavailable revenues from property taxes and intergovernmental revenues as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. Additionally, the governmental funds balance sheet and will report unearned property tax revenues as a deferred inflow of resources as the amount represents resources associated with an imposed non-exchange revenue transaction received or reported as a receivable before the period for which the property taxes were levied. These revenues will be recognized as an inflow of resources in the period for which they were levied.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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 term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures or expenses.

M. Fund Equity

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

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

Fund balances are classified as follows:

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

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a resolution of the City Council. Only the City Council may modify or rescind the commitment through a formal voting resolution.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The Council has not currently designated the authority to make assignments, and retains the authority with the Council.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. The City, by resolution, has created a minimum fund balance policy to be no less than 30 to 55 days or 9% to 15% of the next fiscal year's budgeted expenditures, in order to maintain adequate reserves to cover unforeseen emergencies and/or revenue shortfalls.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

Net Position – Net position represent the difference between assets, deferred inflows of resources, and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net positions is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restrictions on the government-wide statement of net position represent amounts segregated to meet debt covenants and State laws.

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pensions

For 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 Grantville, Georgia Retirement Plan (GRP) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by GRP. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

P. Change in Accounting Principle and Restatement

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement 87, *Leases*

GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements and had an effect on the beginning net position of the government wide financial statements for governmental activities.

The implementation of GASB Statement No. 87 had the following effect on net position as reported September 30, 2021:

	Governmental Activities
Net position September 30, 2021	\$ 9,023,259
Net book value leased assets	437,696
Operating lease liability (net of amortization)	<u>(420,703)</u>
Cumulative effect of change in accounting principle	<u>16,993</u>
Restated net position September 30, 2021	<u>\$ 9,040,252</u>

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2. RECONCILIATION OF GOVERNMENT -WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

a. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$650,546) difference are as follows:

Compensated absences	\$	(46,618)
Operating lease liability		(349,830)
Net pension liability and deferred outflows not reported in the funds		<u>(254,098)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	<u><u>(650,546)</u></u>

b. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this (\$200,344) difference are as follows:

Capital outlay	\$	259,276
Depreciation expense		<u>(459,620)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u><u>(200,344)</u></u>

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Grantville, Georgia employs the following procedures in establishing its annual budget:

1. Prior to October 1, the City Manager prepares a proposed budget for the fiscal year commencing October 1. The proposed budget is submitted to the Mayor and City Council. The operating budget includes proposed expenditures and the means for financing them.
2. The City Council holds a public hearing on the budget of the City of Grantville, Georgia.
3. The budget is then revised and adopted or amended by the City Council at a subsequent regular meeting in the year to which it applies.
4. The adopted budget may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing same, for anything above the legal level of budgetary control, which is the department level. The final budget amounts shown in these financial statements reflect amendments approved by the City Council.

The General fund had excess of actual expenditures over appropriations for the year ended September 30, 2022 as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government			
Legislative	\$ 65,097	\$ 66,770	\$ (1,673)
Health and Welfare	291,634	312,779	(21,145)
Recreation	84,658	87,281	(2,623)

The Drug Fund had no excess of actual expenditures over appropriations as follows for the year ended September 30, 2022:

The Federal Seized Fund had no excess of actual expenditures over appropriations as follows for the year ended September 30, 2022:

The ARP Fund had no excess of actual expenditures over appropriations as follows for the year ended September 30, 2022:

The Court fund had no excess of actual expenditures over appropriations for the year ended September 30, 2022,

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4. DEPOSITS AND INVESTMENTS

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

Amounts as presented on the entity wide statement of net position:	
Cash and cash equivalents	\$ 6,584,377
Investments	174,416
Restricted cash and cash equivalents	342,878
Restricted investments	1,666,750
Total	<u>\$ 8,768,421</u>
Cash deposited with financial institutions	\$ 6,927,255
Certificates of deposit	1,112,416
Municipal Competitive Trust	728,750
	<u>\$ 8,768,421</u>

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

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

Investment	Maturities (in years)	Fair Value
Certificate of deposit	1 year	\$ 374,416
Certificate of deposit	3 years	738,000
Municipal Competitive Trust	Less than 1 year	350,898
Municipal Competitive Trust	1-5 years	377,852
Total		<u>\$ 1,841,166</u>

The investments above are not rated by a national rating organization.

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.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy, require all deposits and investments (other than Federal or State governmental instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2022, the City's deposits are insured or collateralized as required by State law.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City contracts with Coweta County to bill and collect their property taxes. The taxes are levied by October 21 based on the assessed value of property as listed on the previous January 1 and are due on December 20 of each year.

Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Receivables at September 30, 2022, for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	2019 <u>SPLOST</u>	Water & <u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	Nonmajor Solid <u>Waste</u>
Receivables:						
Taxes	647,055	-	-	-	-	-
Accounts	25,054	-	107,863	308,097	19,079	25,728
Other Governments	24,228	67,295	-	-	-	-
Less Allowance for uncollectible	-	-	(6,118)	(18,930)	(8,318)	(2,633)
Net Total Receivable	696,337	67,295	101,745	289,167	10,761	23,095

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets, not being depreciated					
Construction in progress	19,990	-	-	-	19,990
Land	<u>133,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,048</u>
Total	153,038	-	-	-	153,038
Capital assets, being depreciated					
Land Improvements	237,906	-	-	-	237,906
Buildings and Improvements	2,744,676	50,206	-	-	2,794,882
Vehicles	954,685	-	(82,201)	-	872,484
Machinery and equipment	1,009,054	162,369	-	-	1,171,423
Infrastructure	6,243,803	-	-	-	6,243,803
Intangible right of use assets	<u>486,508</u>	<u>46,701</u>	<u>-</u>	<u>-</u>	<u>533,209</u>
Total	11,676,632	259,276	(82,201)	-	11,853,707
Less accumulated depreciation for:					
Land Improvements	(118,603)	(8,737)	-	-	(127,340)
Buildings and Improvements	(1,123,088)	(62,244)	-	-	(1,185,332)
Vehicles	(647,192)	(92,871)	47,662	-	(692,401)
Machinery and equipment	(735,337)	(81,216)	-	-	(816,553)
Infrastructure	(3,591,134)	(133,639)	-	-	(3,724,773)
Intangible right of use assets	<u>(48,812)</u>	<u>(80,913)</u>	<u>-</u>	<u>-</u>	<u>(129,725)</u>
Total	<u>(6,264,166)</u>	<u>(459,620)</u>	<u>47,662</u>	<u>-</u>	<u>(6,676,124)</u>
Total capital assets, being depreciated, net	<u>5,412,466</u>	<u>(200,344)</u>	<u>(34,539)</u>	<u>-</u>	<u>5,177,583</u>
Governmental activities capital assets, net	<u><u>5,565,504</u></u>	<u><u>(200,344)</u></u>	<u><u>(34,539)</u></u>	<u><u>-</u></u>	<u><u>5,330,621</u></u>

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 58,494	\$ -	\$ -	\$ 58,494
Construction in Process	101,675	-	(101,675)	-
Total	<u>160,169</u>	<u>-</u>	<u>(101,675)</u>	<u>58,494</u>
Capital assets, being depreciated				
Building and improvements	2,014,224	-	-	2,014,224
Vehicles	484,581	-	-	484,581
Machinery & equipment	619,542	7,498	-	627,040
Infrastructure	15,543,344	83,462	101,675	15,728,481
Total	<u>18,661,691</u>	<u>90,960</u>	<u>101,675</u>	<u>18,854,326</u>
Less accumulated depreciation for:				
Building and improvements	(732,511)	(45,744)	-	(778,255)
Vehicles	(353,729)	(37,603)	-	(391,332)
Machinery & equipment	(503,760)	(41,773)	-	(545,533)
Infrastructure	(8,260,567)	(308,965)	-	(8,569,532)
Total	<u>(9,850,567)</u>	<u>(434,085)</u>	<u>-</u>	<u>(10,284,652)</u>
Total capital assets being depreciated, net	<u>8,811,124</u>	<u>(343,125)</u>	<u>101,675</u>	<u>8,569,674</u>
Business-type activities capital assets, net	<u>\$ 8,971,293</u>	<u>\$ (343,125)</u>	<u>\$ -</u>	<u>\$ 8,628,168</u>

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

Governmental activities:	
General government	\$ 22,222
Public safety	212,515
Public works	181,443
Health and welfare	2,039
Culture and recreation	41,401
Total depreciation expense - governmental activities	<u>\$ 459,620</u>
Business-type activities:	
Water & sewer	\$ 275,436
Gas	46,103
Electric	112,546
Total depreciation expense - business-type activities	<u>\$ 434,085</u>

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7. LONG-TERM DEBT

Primary Government

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 29,299	\$ 46,618	\$ (29,299)	\$ 46,618	\$ 46,618
Operating lease liability	420,704	46,701	(117,575)	349,830	131,835
Net Pension Liability	-	359,295	-	356,295	-
Governmental activities Long-term liabilities	<u>\$ 450,003</u>	<u>\$ 452,614</u>	<u>\$ (146,874)</u>	<u>\$ 752,743</u>	<u>\$ 178,453</u>
Business-type activities:					
Revenue bonds payable	\$ 368,969	\$ -	\$ (21,774)	\$ 347,195	\$ 22,354
Note payable	435,289	-	(90,302)	344,987	93,797
Compensated absences	11,463	1,021	(11,463)	1,021	1,021
Net Pension Liability	-	153,081	-	153,081	-
Business-type activities Long-term liabilities	<u>\$ 815,721</u>	<u>\$ 154,102</u>	<u>\$ (123,539)</u>	<u>\$ 846,284</u>	<u>\$ 117,172</u>

For governmental funds, compensated absences and claims and judgements are liquidated by the General Fund.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds. In 2009, the City adopted a bond ordinance to borrow up to \$760,000 on Sewer System Revenue Bonds Series 2009. These funds are to be used for capital improvements to the sewer system and are secured by the net revenues of the City's water and sewer services. Bond terms call for an interest only payment one year from issue, with monthly payments of \$2,600 being made thereafter for 468 months, maturing in November 2035. The bonds will bear interest at 2.625% per annum.

The debt service to maturity on the Series 2009 revenue bonds is as follows:

Fiscal Year Ending September 30,	Series 2009		Total
	Principal	Interest	
2023	22,354	8,846	31,200
2024	22,948	8,252	31,200
2025	23,557	7,643	31,200
2026	24,183	7,017	31,200
2027	24,826	6,374	31,200
2028-2032	134,380	21,620	156,000
2033-2035	94,947	1,347	96,294
Total	<u>\$ 347,195</u>	<u>\$ 61,099</u>	<u>\$ 408,294</u>

Notes Payable. The City has also incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewer system projects. The notes outstanding at September 30, 2022 are as follows:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Balance</u>	<u>Balance at September 30, 2022</u>
3.96%	20 years	2025	<u>\$1,460,761</u>	<u>\$344,987</u>
			<u>\$1,921,741</u>	<u>\$344,987</u>

During the fiscal year ending September 30, 2020, the City entered into a deferral agreement on these notes payable to aid with financial difficulties encountered during the Covid-19 pandemic. The agreement allowed for the deferral of interest and principal for 6 months with no additional interest charged on the balances. The term of the notes was extended 6 months at the end of the loan term.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7. LONG-TERM DEBT (CONTINUED)

The City's notes payable debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	93,797	12,285	106,082
2024	97,567	8,515	106,082
2025	101,489	4,593	106,082
2026	52,134	777	52,911
Total	<u>\$ 344,987</u>	<u>\$ 26,170</u>	<u>\$ 371,157</u>

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following is a summary of the inter-fund balances as of September 30, 2022.

	Due From Fund	Due To Fund
General Fund	\$ 8,257	\$ 5,620
Drug Fund	-	<u>2,912</u>
Total Governmental Funds	<u>8,257</u>	<u>8,532</u>
Water and Sewer	195	-
Electric Fund	65	-
Gas Fund	<u>65</u>	<u>-</u>
Total Proprietary Funds	<u>325</u>	<u>-</u>
Fiduciary Fund	<u>-</u>	<u>50</u>
Total Interfund Balances	<u>\$ 8,582</u>	<u>\$ 8,582</u>

The purpose of all other interfund balances was to temporarily record small accounts payable in the Enterprise Funds to the proper expense categories in the General Fund and Fiduciary Fund. The City will reimburse the Enterprise Funds in the subsequent period.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Transfers are used to (1) move unrestricted revenues from utility funds to the General Fund to supplement operations of the City, (2) move unrestricted revenues between the various utility funds for operational purposes, (3) to show the current year additions of capital assets to the business-type activities which were funded with current resources of the governmental activities of the City. The composition of inter-fund transfer balances at September 30, 2022 is as follows:

	Transfers Out	Transfers In
General Fund		
General Fund	\$ <u>227,773</u>	\$ <u>300</u>
Total General Fund	227,773	300
Special Revenue Fund		
2019 SPLOST Fund	90,960	-
Court Fund	<u>-</u>	<u>8,190</u>
Total Special Revenue Fund	90,960	8,190
Proprietary Funds		
Water and Sewer Fund	106,082	347,077
Electric Fund	-	42,170
Gas Fund	-	25,766
Solid Waste Fund	<u>-</u>	<u>1,312</u>
Total Proprietary Funds	<u>106,082</u>	<u>416,325</u>
Total Interfund Transfers	\$ <u>424,815</u>	\$ <u>424,815</u>

NOTE 9. DEFINED CONTRIBUTION PENSION PLAN

The City of Grantville's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by VALIC for all full time employees. The Plan is funded through employee contributions. Plan provisions and contribution requirements are established and may be amended by the City Council. At September 30, 2022, there were 5 plan members. Beginning October 1, 2022, the City entered into the Georgia Municipal Employees Benefit System retirement plan (see Note 14) and discontinued use of this defined contribution plan.

Beginning in the year ended September 30, 2017, the City also maintained a Simplified Employer Pension (SEP) Plan. This plan was funded through contributions from the employer. Plan provisions and contribution requirements are established and may be amended by the City Council. Beginning October 1, 2022, the City entered into the Georgia Municipal Employees Benefit System retirement plan and discontinued use of this defined contribution plan. The City did not make any contributions to this plan during the fiscal year ended September 30, 2022. Elective deferrals from employees are not allowed under a SEP Plan.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10. JOINT VENTURE

Under Georgia law, the City, in conjunction with the other municipalities and county governments in a thirteen county area, was a member in the Three Rivers Regional Development Center (RDC). As of July 1, 2009, the Three Rivers RDC was dissolved and merged into the Three Rivers Regional Commission. Membership in the Commission is required under the Official Code of Georgia Annotated (OCGA) Section 50-8-34. During the fiscal year ended September 30, 2022, the City paid \$2.733 in dues to the Commission. The governing Board of the Commission includes the chief elected official of each county and one municipality included in the Commission area. Member governments are liable for any debts or obligations incurred by the Commission. Separate financial statements may be obtained from the Three River Regional Commission, PO Box 1600, Franklin, Georgia 30217.

NOTE 11. LEASES

Lease agreements are summarized as follows:

					Total	
		Payment	Payment	Interest	Lease	Balance
<u>Description</u>	<u>Date</u>	<u>Terms</u>	<u>Amount</u>	<u>Rate</u>	<u>Liability</u>	<u>9/30/2022</u>
Ford F150	9/2/2020	4 Years	7,554	3.25%	28,262.0	14,589
Ford Police Utility	8/14/2020	4 Years	13,182	3.25%	49,381.0	24,462
Ford F150	8/27/2020	4 Years	7,831	3.25%	29,335.0	14,532
Ford F150	9/2/2020	4 Years	8,124	3.25%	30,434.0	15,711
Ford F250	2/9/2021	4 Years	7,941	3.25%	29,748.0	18,432
Dodge Charger Police	6/23/2021	4 Years	10,573	3.25%	39,608.0	27,778
Ford F150	2/16/2021	4 Years	7,056	3.25%	26,433.0	16,378
Dodge Charger Police	6/23/2021	4 Years	10,902	3.25%	40,840.0	28,642
Dodge Charger Police	6/23/2021	4 Years	10,902	3.25%	40,840.0	28,642
Dodge Charger Police	7/1/2021	4 Years	10,636	3.25%	39,845.0	28,752
Ford F150	2/16/2021	4 Years	7,081	3.25%	26,528.0	16,437
Ford F150	2/16/2021	4 Years	7,081	3.25%	26,528.0	16,437
Ford F150	2/16/2022	4 Years	7,081	3.25%	26,528.0	16,437
Ford Police Utility	6/23/2021	4 Years	12,013	3.25%	46,002.0	31,561
Dodge Charger Police	9/21/2022	4 Years	13,701	3.25%	46,701.0	46,701
Office Equipment	8/28/2020	5 Years	7,196	3.25%	7,196.0	4,339
						349,830

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11. LEASES (Continued)

The City leases vehicles for its various activities from Enterprise Fleet Management. The interest rate used was the estimated incremental borrowing rate of the City of 3.25% since there was no an interest rate implicit in the leases. The City will not acquire the vehicles at the end of the lease period and there are no options to renew or extend the lease.

The City leases its copier equipment under an agreement that qualifies as an operating lease. The interest rate used was the estimated incremental borrowing rate of the City of 3.25% since there was no an interest rate implicit in the leases. The City will not acquire the equipment at the end of the lease period and there are no options to renew or extend the lease.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending	<u>Principal</u>	<u>Interest</u>
30-Sep		
2023	131,511	11,378
2024	134,928	6,448
2025	69,693	2,343
2026	<u>13,698</u>	<u>632</u>
Total	<u>349,830</u>	<u>20,801</u>

NOTE 12. FIDUCIARY FUND

The Grantville Cemetery Trust:

The Grantville Cemetery Trust (the "Trust") is a fiduciary fund to the City of Grantville. The City Council voted to obligate 4/10 of one mil, with an annual maximum of \$5,000, to the maintenance of the cemetery. The Trust is a 501(c)(3) organization formed to maintain the City Cemetery. During the year ended September 30, 2018, the remaining member of the independent Board of Trustees turned the trust over to the City to be held in a separate restricted account for Capital Improvements to the Cemetery. The Trust's financial statements are included on pages 13 and 14 of these financial statements but are excluded from the government-wide statement of net position and statement of activities in accordance with GASB 34.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 13. RELATED ORGANIZATIONS

Housing Authority of the City of Grantville

The Housing Authority of the City of Grantville (the "Housing Authority") is a related organization to the City of Grantville. The City made no contributions to the Housing Authority during the fiscal year ended September 30, 2022. The City does not have the power to remove board members.

NOTE 14. PENSION PLAN

Plan Description

The City's defined benefit pension plan, City of Grantville Retirement Plan ("GRP"), provides retirement and death benefits to plan members and beneficiaries. GRP plan is affiliated with the Georgia Municipal Employees Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association assigns the authority to establish and amend the benefit provisions of the plans that participate in GMEBS to the respective employer entities; for GRP, that authority rests with the City of Grantville. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by written request to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Membership of the plan

Active plan members	32
Total	32

Funding Policy

GRP members are not required and do not contribute to GRP, GRP is a noncontributory plan. The City is required to contribute 100% of the amount necessary to fund GRP at an actuarially determined rate; the current rate is 6.97% of expected payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 14. PENSION PLAN (Continued)

Plan Description (Continued)

Funding policy (Continued)

GRP is subject to minimum funding standards of the Georgia Public Retirement Systems standards Law. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution is developed under the actuarial funding policy each year, and meets the applicable state funding standards. These contributions are determined under the entry age normal actuarial cost method and the asset valuation method for developing the actuarial value of assets. The amortization of the unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for other changes to plan provisions, and 30 years for actuarial assumptions and cost methods. The total amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/(surplus) actuarial accrued liability. In a year when the 10-year or 30-year corridor applies, the following year, the prior year bases are combined into one 10-year or 30-year base. These amortization periods, if applicable, are closed for this plan year.

Investment Data

The market value of assets is based on current values as of the three months preceding the valuation date (January 1, 2022) and is assumed to be current through that date. All asset data that was used in the actuarial valuation has been supplied by GMEBS. Net investment return is estimated at 7.375% on an on-going basis, based on long-term expected rate of return on pension plan investments. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. An inflation rate of 2.25% has been assumed. 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, 2020, 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%	6.41%
International equity	20%	6.96%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Cash	<u>0%</u>	
Total	<u>100%</u>	

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 14. PENSION PLAN (Continued)

Net Pension Liability

The City has implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASS Statement No. 27, as well as GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASS Statement No. 68, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with these standards.

The City's net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2021.

Net pension liability is calculated as follows:

Total pension liability Fiduciary net position	\$ 2,500
Net pension liability	<u>514,876</u>
Fiduciary net position as a percentage of total pension liability	<u>.485%</u>

Total pension liability uses Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2021 are used to measure total pension liability as of September 30, 2021. The balances as of September 30, 2020 constitute measurements of the net pension liability for the fiscal year ending September 30, 2021.

Total pension liability uses Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2022 are used to measure total pension liability as of September 30, 2021. The balances as of September 30, 2021 constitute measurements of the net pension liability for the fiscal year ending September 30, 2022.

The mortality and economic actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019. Mortality rates were based on the sex-distinct Pri-2012 head count rated Healthy Mortality Table with rates multiplied by 1.25.

Assumptions on which the cost of GRP is calculated include investment return, mortality rates, retirement rates, disability rates, withdrawal rates and salary increase rates.

Total pension liability, fiduciary net position, and net pension liability are based on a September 30, 2021 measurement date which would make them applicable to the fiscal year beginning October 1, 2021 and ending September 30, 2022.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 14. PENSION PLAN (Continued)

Net Pension Liability (Continued)

Benefit Terms

The eligibility requirement is immediate for employees, officials and MLO's, Employees are vested after 5 years and officials, MLO's, and City manager are vested immediately. The type of benefit payment is a life annuity. Death benefits are actuarial reserve for full-time employees only. The benefit formula is 1.00% - 1.75% (table breakpoint). There are no automatic postemployment benefit changes due to COLAs. The Georgia Municipal Association has assigned the authority to the City to establish and amend the benefit provisions of the plan.

Actuarial Assumptions

The total pension liability in the January 1, 2021 actuarial valuation was based on the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The actuarial assumptions included the following:

- Rate of return on investments 7.375% per year
- Projected salary increases 2.25% per year plus age and service based on merit increases
- Inflation rate assumption 2.25%
- Cost of living adjustments 0.00%

Changes in assumptions

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

Benefit Changes

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

Discount Rate

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the difference between actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability. There were no changes in the discount rate since the prior fiscal period.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 14. PENSION PLAN (Continued)

Net Pension Liability (Continued)

Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the year ended September 30, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances at 09/30/2020	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	-	-	-
Interest	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions - Employer	-	2,500	(2,500)
Contributions - Employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	-	-
Other	514,876	-	514,876
Net Changes	<u>514,876</u>	<u>2,500</u>	<u>512,376</u>
Balances at 09/30/2021	<u>514,876</u>	<u>\$ 2,500</u>	<u>\$ 512,376</u>

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes of the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

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

	1% Decrease (6.375%)	Current Rate (7.375%)	1% Increase (8.375%)
Plan's net pension liability	\$ 593,930	# \$ 512,376	\$ 445,809

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 14. PENSION PLAN (Continued)

Net Pension Liability (Continued)

Changes in the Net Pension Liability of the City

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2021 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized pension expense of \$514,876. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pension of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Employer contributions subsequent to the measurement date		
measurement date	<u>150,016</u>	<u>-</u>
Total	<u>\$ 150,016</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

<u>Year Ended October 31</u>	
2023	\$ 150,016
2024	-
2025	-
2026	-
2027	-
Thereafter	-

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 15. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the State as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

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

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

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the current or prior year.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is named as a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions arising in the course of City operations. The outcome of these legal actions cannot be ascertained at this time. There are no liabilities recorded in the statement of net position.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 16. COMMITMENTS AND CONTINGENCIES (Continued)

Grant Contingencies:

The City has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

Agreements with the Municipal Electric Authority of Georgia:

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit unless any such profits inure to the benefit of the public.

Agreements with the Municipal Gas Authority of Georgia:

The City has also entered into a contract for wholesale natural gas purchases with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire the bonds issued by MGAG, the City is obligated to pay its "obligation share" of the costs of the gas supply and related services MGAG provides to the City, which costs includes amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2022, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to \$227.416 in 2022.

At September 30, 2022, the outstanding debt of MGAG was approximately \$171 million. The City's guarantee varies by individual projects undertaken by MGAG and totals \$102.691 at September 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRANTVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GENERAL FUND BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Taxes	\$ 1,810,065	\$ 1,810,065	\$ 2,142,276	\$ 332,211
Licenses and permits	145,550	145,550	184,513	38,963
Charges for services	23,170	23,170	17,622	(5,548)
Intergovernmental	206,978	216,978	271,896	54,918
Interest	10,000	10,000	14,411	4,411
Contributions	11,000	11,000	10,620	(380)
Other revenues	<u>195,824</u>	<u>195,824</u>	<u>196,908</u>	<u>1,084</u>
Total Revenue	2,402,587	2,412,587	2,838,246	425,659
EXPENDITURES:				
General government:				
Legislative	65,097	65,097	66,770	(1,673)
Executive	10,888	10,888	8,635	2,253
Finance	<u>292,386</u>	<u>282,386</u>	<u>238,516</u>	<u>43,870</u>
Total general government	368,371	358,371	313,921	44,450
Public safety:				
Police	1,405,375	1,415,375	1,331,982	83,393
Fire	226,737	226,737	205,495	21,242
Animal control	<u>122,751</u>	<u>112,751</u>	<u>110,724</u>	<u>2,027</u>
Total public safety	1,754,863	1,754,863	1,648,201	106,662
Public works:				
Highways and streets	227,358	237,358	226,335	11,023
Cemetery	25,000	25,000	19,800	5,200
Street lights	<u>70,000</u>	<u>70,000</u>	<u>65,962</u>	<u>4,038</u>
Total public works	322,358	332,358	312,097	20,261
Health and welfare	281,634	291,634	312,779	(21,145)
Recreation	84,658	84,658	87,281	(2,623)
Housing and development	<u>55,000</u>	<u>55,000</u>	<u>31,577</u>	<u>23,423</u>
Total Expenditures	<u>2,866,884</u>	<u>2,876,884</u>	<u>2,705,856</u>	<u>171,028</u>
Excess Revenues Over (Under) Expenditures	(464,297)	(464,297)	132,390	596,687
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	3,100	3,100	41,059	47,259
Transfer in	461,197	461,197	335,013	(126,184)
Transfers out	<u>-</u>	<u>-</u>	<u>(227,773)</u>	<u>(227,773)</u>
Total Other Financing Sources (Uses)	464,297	464,297	148,299	(306,698)
Net Changes in Fund Balances	-	-	280,689	289,989
Beginning Fund Balance	<u>1,227,607</u>	<u>1,227,607</u>	<u>1,227,607</u>	-
Ending Fund Balance	<u>\$ 1,227,607</u>	<u>\$ 1,227,607</u>	<u>\$ 1,508,296</u>	<u>\$ 289,989</u>

CITY OF GRANTVILLE, GEORGIA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 DRUG FUND BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Fines and forfeitures	250,000	250,000	34,212	(215,788)
Interest	-	-	8	8
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>34,220</u>	<u>(215,780)</u>
EXPENDITURES:				
Public safety:				
Police	<u>250,000</u>	<u>250,000</u>	<u>67,139</u>	<u>182,861</u>
Total public safety	<u>250,000</u>	<u>250,000</u>	<u>67,139</u>	<u>182,861</u>
Excess Revenues Over (Under) Expenditures	-	-	(32,919)	(32,919)
OTHER FINANCING SOURSES (USES)				
Transfer in	-	-	-	-
Total Other Financing Sourses (Uses)	-	-	-	-
Net Changes in Fund Balances	-	-	(32,919)	(32,919)
Beginning Fund Balance	<u>86,274</u>	<u>86,274</u>	<u>86,274</u>	<u>-</u>
Ending Fund Balance	<u>\$ 86,274</u>	<u>\$ 86,274</u>	<u>\$ 53,355</u>	<u>\$ (32,919)</u>

CITY OF GRANTVILLE, GEORGIA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 FEDERAL SEIZED FUND BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Fines and forfeitures	250,000	250,000	78,887	(171,113)
Interest	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total Revenues	250,000	250,000	78,888	(171,112)
EXPENDITURES:				
Public safety:				
Police	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total public safety	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Excess Revenues Over (Under) Expenditures	-	-	78,888	78,888
OTHER FINANCING SOURSES (USES)				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sourses (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	-	-	78,888	78,888
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,888</u>	<u>\$ 78,888</u>

CITY OF GRANTVILLE, GEORGIA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 COURT FUND BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Fines and forfeitures	395,000	395,000	359,646	(35,354)
EXPENDITURES:				
Public safety:				
Judicial	<u>395,000</u>	<u>395,000</u>	<u>206,900</u>	<u>188,100</u>
Total public safety	<u>395,000</u>	<u>395,000</u>	<u>206,900</u>	<u>188,100</u>
Excess Revenues Over (Under) Expenditures	-	-	152,746	152,746
OTHER FINANCING SOURSES (USES)				
Transfer out	-	-	-	-
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sourses (Uses)	-	-	-	-
Net Changes in Fund Balances	-	-	152,746	152,746
Beginning Fund Balance	<u>361,581</u>	<u>361,581</u>	<u>361,581</u>	-
Ending Fund Balance	<u>\$ 361,581</u>	<u>\$ 361,581</u>	<u>\$ 514,327</u>	<u>\$ 152,746</u>

CITY OF GRANTVILLE, GEORGIA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 AMERICAN RESCUE PLAN FUND BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Fines and forfeitures	1,038,453	1,038,453	629,418	(409,035)
Interest	<u>-</u>	<u>-</u>	<u>51</u>	<u>51</u>
Total Revenues	1,038,453	1,038,453	629,469	(408,984)
EXPENDITURES:				
Public safety:				
Police	<u>1,038,453</u>	<u>1,038,453</u>	<u>293,501</u>	<u>744,952</u>
Total public safety	<u>1,038,453</u>	<u>1,038,453</u>	<u>293,501</u>	<u>744,952</u>
Excess Revenues Over (Under) Expenditures	-	-	335,968	335,968
OTHER FINANCING SOURSES (USES)				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	-	-	-	-
Net Changes in Fund Balances	-	-	335,968	335,968
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>517,048</u>	<u>(517,048)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 853,016</u>	<u>\$ 853,016</u>

CITY OF GRANTVILLE, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	ESTIMATED COST		EXPENDITURES			PERCENTAGE OF COMPLETION
	ORIGINAL	CURRENT	PRIOR	CURRENT	TOTAL	
2013 SPLOST						
Road and sidewalk construction	1,118,520	943,165	877,986	32,070	910,056	96.49
Utility capital expansion	674,360	943,165	877,939	40,812	918,751	97.41
City hall	444,540	396,404	396,404	-	396,404	100.00
Recreation and culture	386,800	491,528	471,816	19,712	491,528	100.00
Public safety	243,780	259,261	219,067	40,194	259,261	100.00
	<u>2,868,000</u>	<u>3,033,523</u>	<u>2,843,212</u>	<u>132,788</u>	<u>2,976,000</u>	
2019 SPLOST						
Road and sidewalk construction	1,109,082	1,112,768	267,812	73,550	341,362	30.68
Utility capital expansion	376,810	378,061	208,312	72,564	280,876	74.29
City hall	338,360	339,485	156,264	48,081	204,345	60.19
Recreation and culture	338,360	339,485	8,527	-	8,527	2.51
Public safety	338,360	339,485	107	34,397	34,504	10.16
Historic Preservation	288,375	289,334	9,990	-	9,990	3.45
Downtown Revitalization	288,375	289,334	-	154,922	154,922	53.54
	<u>3,077,722</u>	<u>3,087,952</u>	<u>651,012</u>	<u>383,514</u>	<u>1,034,526</u>	
TOTALS	<u>\$ 5,945,722</u>	<u>\$ 6,121,475</u>	<u>\$ 3,494,224</u>	<u>\$ 516,302</u>	<u>\$ 4,010,526</u>	

**CITY OF GRANTVILLE, GEORGIA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
LAST TEN FISCAL YEARS ENDING
SEPTEMBER 30, 2021**

The effective date of the plan was October 1, 2021 so no historical data exists prior to that date

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability							
Service Cost	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Changes on benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-
Changes of assumption	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-
Other	514,876	-	-	-	-	-	-
Net change in total pension liability	<u>514,876</u>	-	-	-	-	-	-
Total Pension Liability - beginning	-	-	-	-	-	-	-
Total Pension Liability - ending (a)	<u>514,876</u>	-	-	-	-	-	-
Plan fiduciary net position							
Contributions - employer	2,500	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-
Transfers among employers	-	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>2,500</u>	-	-	-	-	-	-
Plan net position - beginning	-	-	-	-	-	-	-
Plan net position - ending (b)	<u>2,500</u>	-	-	-	-	-	-
Net Pension Liability (a)-(b)	512,376	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	0.49%	-	-	-	-	-	-
Covered employee payroll	1,372,017	-	-	-	-	-	-
Net pension liability (asset) as a percentage of covered employee payroll	37.34%	-	-	-	-	-	-

**CITY OF GRANTVILLE, GEORGIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS ENDING
SEPTEMBER 30, 2022**

The effective date of the plan was October 1, 2021 so no historical data exists prior to that date

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contributions	150,016	-	-	-	-	-	-	-	-	-
Contributions in relation to the actuarially determined contributions	<u>150,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (increase)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	1,372,017	-	-	-	-	-	-	-	-	-
Contributions as a percentage of covered employee payroll	10.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTES TO SCHEDULE

The actuarially determined contribution rate was determined as of January 1, 2021, with an interest adjustment to the fiscal year.

Contributions for the fiscal year September 30, 2022 were based on the September 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2021 through September 30, 2022:

Actuarial Cost Method	Entry Age Normal
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	30 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 is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value
Cost of Living Adjustments	1.700%
Salary Increases	2.25% per year plus service based merit increases
Investment rate of return	7.375%, net of pension plan investment expense, including inflation

COMPLIANCE SECTION

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

To the City Council
City of Grantville, 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 Grantville, Georgia, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Grantville, Georgia's basic financial statements and have issued our report thereon dated March 24, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Grantville, Georgia's internal control over financial reporting (internal control) to determine the 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 Grantville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Grantville, 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 in the accompanying schedule of findings and responses, 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 2022-001 described in the accompanying schedule of findings and responses to be a material weakness.

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. The results of our tests disclosed no weaknesses in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Grantville, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Grantville, Georgia's Response to Findings

City of Grantville, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Grantville, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Gadsden, Alabama

March 24, 2023

CITY OF GRANTVILLE, GEORGIA

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

SECTION 1
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes No

Noncompliance material to the financial statements noted Yes No

Federal Awards

There was not an audit of major federal award programs for the fiscal year ended September 30, 2022 due to the total federal amount expended being less than \$750,000

CITY OF GRANTVILLE, GEORGIA

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

SECTION 2

FINANCIAL STATEMENT FINDINGS AND REPOSSES

2022-001

Segregation of Duties

Criteria: A basic internal control over financial reporting is the segregation of duties of transaction processing, record keeping, reconciliation, and custody of assets.

Condition : This is an inherent limitation for entities that are small in size and thus, have limited staff to perform designated functions.

Context/Cause : During our audit, we noted that duties were not segregated in a number of areas where small adjustments to the policies of the City could help to further facilitate this important control. These areas include cash disbursements, bank reconciliation, customer billing, cash receipts and collections, and approval of journal entries.

Effects: Lack of segregation of duties and a corresponding lack of monitoring and oversight increases exposure to misappropriation of assets and errors in financial reporting.

Recommendation ; We recommend that management continue to evaluate the procedures and policies used in the accounting area and continue to segregate duties where possible. Additional oversight, monitoring, and approval will be necessary in areas where duties cannot be segregated at an optimal level due to limitations in staff size.

Auditee's Response; Management has incorporated an external accountant with 20+ years of experience into the daily, weekly, and monthly accounting processes of the City and will continue to explore areas where duties can be segregated.