

CITY OF BROOKLET, GEORGIA

FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Brooklet, Georgia
Brooklet, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Brooklet, Georgia (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Brooklet, Georgia, as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the American Rescue Plan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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 basic financial statements are free of material misstatement.

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Brooklet, Georgia's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Brooklet, Georgia's ability to continue as a going concern for a reasonable period of time.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary data on pages 4 through 10 and pages 43 through 44, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brooklet, Georgia's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of SPLOST Expenditures and Schedule of Transportation SPLOST Expenditures are presented for purposes of additional analysis and are also not a required part of the basic financial statements of the City of Brooklet, Georgia.

The individual fund financial statements, the Schedule of SPLOST Expenditures and the Schedule of Transportation SPLOST Expenditures are the responsibility of management and were derived from and relate 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 individual fund financial statements, the Schedule of SPLOST Expenditure, and the Schedule of Transportation SPLOST Expenditures are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2024, on our consideration of the City's internal control over financial reporting and 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* and in considering the City of Brooklet, Georgia's internal control over financial reporting and compliance.

Reddick, Riggs, Hunter and Colson, P. C.

Statesboro, Georgia
January 30, 2024

CITY OF BROOKLET, GEORGIA
Management's Discussion and Analysis
June 30, 2023

This discussion and analysis is intended to be an easily readable analysis of the City of Brooklet, Georgia's (the City's) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Overview of the Financial Statements

The City's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the basic financial statements. The *government-wide financial statements* present an overall picture of the City's financial position and results of operations. The *fund financial statements* present financial information for the City's major funds. The *notes to financial statements* provide additional information concerning the City's finances that are not disclosed in the government-wide or fund financial statements.

Government-wide Financial Statements

The City's financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The *Statement of Activities* reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

In the Statement of Net Position and Statement of Activities, the City is divided into two kinds of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including the police, community development, street services and general administration. These activities are primarily supported by property taxes, sales taxes, other taxes, federal and state grants, and charges for services.
- *Business-type activities* - Business-type activities include the City's water system and sanitation activities. These activities are supported by charges to the users of the activities.

The government-wide financial statements are presented on pages 11 and 12 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

Overview of the Financial Statements (continued)

Fund Financial Statements (continued)

The City has two kinds of funds:

Governmental Funds: The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances of spendable resources available at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The basic governmental fund financial statements are presented on pages 13 through 17 of this report.

The City maintains four major governmental funds. The City's major governmental funds are the General Fund, the American Rescue Plan Fund, the 2019 SPLOST Fund and the TSPLOST Fund.

Proprietary Funds: The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. These are reported in the fund financial statements and generally report services for which the fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 19 through 22 of this report.

The City maintains two enterprise funds: Water and Sanitation.

Notes to the Basic Financial Statements

The notes to the financial statements explain some of the information in the financial statements and provide information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes begin on page 23 of this report.

Budgetary Presentations

A budgetary comparison statement is included as "basic financial statements" for the General Fund and the American Rescue Plan Fund. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Supplementary Financial Information

As discussed, the City reports major funds in the basic financial statements. Individual statements and schedules for nonmajor funds are presented as supplementary financial information of this report beginning on page 45.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is \$6,324,535, as compared to \$5,510,838 at June 30, 2022. The following table provides a summary of the City's net position.

	Summary of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2023	(As Restated) 2022	2023	2022	2023	(As Restated) 2022
Assets:						
Current and other assets	\$ 2,456,916	1,934,246	\$ 786,011	\$ 852,357	\$ 3,242,927	\$ 2,786,603
Capital assets	2,863,045	2,541,619	1,297,675	1,106,701	4,160,720	3,648,320
Total assets	5,319,961	4,475,865	2,083,686	1,959,058	7,403,647	6,434,923
Deferred outflows of resources	82,980	13,419	18,313	3,827	101,293	17,246
Liabilities:						
Long-term liabilities	2,835	3,865	181,532	213,523	184,367	217,388
Other liabilities	803,698	541,440	104,697	85,789	908,395	627,229
Total liabilities	806,533	545,305	286,229	299,312	1,092,762	844,617
Deferred inflows of resources	71,797	75,253	15,846	21,461	87,643	96,714
Net Position:						
Investment in capital assets	2,863,045	2,541,619	1,117,470	893,178	3,980,515	3,434,797
Restricted	1,206,907	1,036,766	-	-	1,206,907	1,036,766
Unrestricted	454,659	290,341	682,454	748,934	1,137,113	1,039,275
Total Net Position	\$ 4,524,611	\$ 3,868,726	\$ 1,799,924	\$ 1,642,112	\$ 6,324,535	\$ 5,510,838

The current ratio is used to measure an entity's ability to meet current obligations. The City has a 3.06 to 1 ratio for governmental activities as compared to 3.57 to 1 at June 30, 2022. The current ratio for business-type activities is 7.51 to 1, as compared to 9.94 to 1 at June 30, 2022. The City's overall financial position continued to improve during the year ended June 30, 2023.

The City reported positive balances in net position for both governmental and business-type activities. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net position is \$1,799,924. The table below focuses on the net position and revenues and expenses of the City's governmental and business-type activities. Net position increased \$655,885 for governmental activities and increased \$157,812 for business-type activities. The City's overall financial position improved during the year ended June 30, 2023.

Financial Analysis of the City as a Whole (continued)

The following table provides a summary of the City's changes in net position:

	Summary of Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2023	(As Restated) 2022	2023	2022	2023	(As Restated) 2022
Revenues:						
Program						
Charges for services	\$ 118,312	\$ 138,816	\$ 542,443	\$ 513,147	\$ 660,755	\$ 651,963
Operating grants	12,261	8,166	-	-	12,261	8,166
Capital grants / contributions	618,269	60,723	-	-	618,269	60,723
General						
Property taxes	505,120	452,695	-	-	505,120	452,695
Franchise taxes	100,124	98,112	-	-	100,124	98,112
Insurance premium taxes	153,725	114,790	-	-	153,725	114,790
Financial institution taxes	14,707	15,222	-	-	14,707	15,222
Alcoholic beverage taxes	30,219	28,327	-	-	30,219	28,327
Intangible and other taxes	5,627	14,061	-	-	5,627	14,061
Interest	12,602	1,713	4,154	589	16,756	2,302
Gain (loss) on sale of assets	-	5,804	-	-	-	5,804
Other income	5,798	146,089	-	-	5,798	146,089
Total revenues	1,576,764	1,084,518	546,597	513,736	2,123,361	1,598,254
Program expenses:						
General government	244,368	245,202	-	-	244,368	245,202
Judicial	5,200	4,250	-	-	5,200	4,250
Public safety	385,797	458,515	-	-	385,797	458,515
Public works	248,758	250,759	-	-	248,758	250,759
Community Services	6,852	9,331	-	-	6,852	9,331
Water	-	-	298,295	298,785	298,295	298,785
Sanitation	-	-	120,394	97,051	120,394	97,051
Total expenses	890,975	968,057	418,689	395,836	1,309,664	1,363,893
Increase (decrease) in net position before transfers	685,789	116,461	127,908	117,900	813,697	234,361
Transfers	(29,904)	(153,531)	29,904	153,531	Nil	Nil
Increase (decrease) in net position	655,885	(37,070)	157,812	271,431	813,697	234,361
Beginning net position	3,868,726	3,905,796	1,642,112	1,370,681	5,510,838	5,276,477
Ending net position	\$ 4,524,611	\$ 3,868,726	\$ 1,799,924	\$ 1,642,112	\$ 6,324,535	\$ 5,510,838

Governmental Revenues

The City's governmental activities are heavily reliant on property taxes and sales taxes, which collectively make up 32.01% of governmental revenues. Note that program revenues made up 60.81% of the City's total revenues.

Governmental Expenses

The above table presents the costs of each of the City's programs. Public safety, water, and public works were the most costly. Public safety made up 29.45% of the City's total expenses, while water and public works made up 22.79% and 18.99% respectively.

Financial Analysis of the City as a Whole (continued)

There was an excess of \$685,789 in governmental activities and an excess of \$127,908 in business-type activities. Transfers to (from) governmental activities resulted in a total excess in governmental activities of \$655,885 and a total excess in business-type activities of \$157,812. The total change in net position was \$813,697. As stated earlier, the financial position of the City improved in the year ended June 30, 2023.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

Governmental funds reported ending fund balances of \$1,563,752. Of this year-end total, \$1,173,647 is restricted to capital projects, \$33,260 is restricted for public safety. The unassigned portion of governmental fund balances was \$356,845. The total ending fund balances of governmental funds shows an increase of \$317,277, or a 25.45% increase.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund reported an ending fund balance of \$424,067, of which \$356,845 is unassigned. The total ending fund balance of the General Fund shows an increase of \$123,736. The increase in the current year was a result of reduced spending in various departments from staff shortages and a planned effort to reduce expenditures to pay for a new well in the subsequent fiscal year.

Total revenues of the General Fund were \$983,783, a decrease of \$61,413 from fiscal year 2022. This equates to a 5.88% decrease in total revenues. This decrease was due to a reduction in fines and forfeitures as the police department had staff shortages throughout the fiscal year.

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Operating revenues for the proprietary funds were \$542,443, an increase of \$29,296 over fiscal year 2022. This increase resulted from an expansion of water services to several new residential areas. After considering expenditures, the net income of these funds before capital contributions and transfers is \$127,908.

Budgetary Highlights

Revenues in the General Fund were over the budget by \$12,483. This increase was due primarily to the addition of new residential homes to the tax digest.

Expenditures in the General Fund were over the budget by \$15,443. The increase resulted primarily from Due to unexpected required purchases at year end.

A budget amendment was adopted during the year ended June 30, 2023 which resulted in a decrease in General Fund expenditures of \$117,110.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, as of June 30, 2023, was \$4,160,720 as follows:

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Nondepreciable assets:						
Land	\$ 381,876	\$ 381,876	\$ 42,962	\$ 21,632	\$ 424,838	\$ 403,508
Construction in progress	46,216	178,397	45,221	5,084	91,437	183,481
Book value - nondepreciable assets	<u>428,092</u>	<u>560,273</u>	<u>88,183</u>	<u>26,716</u>	<u>516,275</u>	<u>586,989</u>
Depreciable assets:						
Infrastructure	2,469,717	1,956,297	1,733,554	1,558,210	4,203,271	3,514,507
Building	708,602	708,602	82,771	82,771	791,373	791,373
Machinery and equipment	588,093	563,277	222,978	199,263	811,071	762,540
Vehicles	384,097	334,059	366,526	366,526	750,623	700,585
Total depreciable assets	4,150,509	3,562,235	2,405,829	2,206,770	6,556,338	5,769,005
Less accumulated depreciation	<u>1,715,556</u>	<u>1,580,889</u>	<u>1,196,337</u>	<u>1,126,785</u>	<u>2,911,893</u>	<u>2,707,674</u>
Book value - depreciable assets	<u>2,434,953</u>	<u>1,981,346</u>	<u>1,209,492</u>	<u>1,079,985</u>	<u>3,644,445</u>	<u>3,061,331</u>
Percentage depreciated	<u>41.33 %</u>	<u>44.38 %</u>	<u>49.73 %</u>	<u>51.06 %</u>	<u>44.41 %</u>	<u>46.93 %</u>
Total Capital Assets	<u>\$ 2,863,045</u>	<u>\$ 2,541,619</u>	<u>\$ 1,297,675</u>	<u>\$ 1,106,701</u>	<u>\$ 4,160,720</u>	<u>\$ 3,648,320</u>

For more information on the changes in capital assets, see Note 3.D.

Debt Outstanding

As of June 30, 2023, the City had total outstanding long-term debt of \$184,367 as follows:

	Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Accumulated leave benefits	\$ 2,835	\$ 3,865	\$ 1,327	\$ -	\$ 4,162	\$ 3,865
Financed Purchase Obligation						
Sanitation truck	-	-	180,205	213,523	180,205	213,523
Total Long-Term Debt	<u>\$ 2,835</u>	<u>\$ 3,865</u>	<u>\$ 181,532</u>	<u>\$ 213,523</u>	<u>\$ 184,367</u>	<u>\$ 217,388</u>

During the year ended June 30, 2023, the City issued no long-term debt. The City retired \$34,435 of existing debt.

For more information on the City's long-term debt, see Note 3.F.

Economic Conditions Affecting the City

The City of Brooklet continues to grow as a bedroom community for surrounding areas from a population in 2020 of 1,789 residents to 2,382 residents in 2023, a 33.14% increase. Downtown Brooklet has begun to thrive with several new businesses to support the greater Brooklet community. The announcement of the Hyundai metaplant in a neighboring county is expected to continue these growth trends. Due to a relatively high median income, the City has not been successful in obtaining grants for expansion of infrastructure which could attract additional new business and cause population growth. The City depends on its remaining SPLOST and TSPLOST monies to provide infrastructure for economic development as the median income of Brooklet often makes it ineligible for infrastructure grants.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City of Brooklet at P. O. Box 67, Brooklet, Georgia 30415.

CITY OF BROOKLET, GEORGIA
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash	\$ 2,176,533	\$ 718,136	\$ 2,894,669
Receivables, net of allowance for uncollectibles:			
Taxes	11,994	-	11,994
Intergovernmental	178,890	-	178,890
Other	13,667	51,112	64,779
Accrued interest receivable	49	37	86
Noncurrent Assets			
Capital assets:			
Nondepreciable assets	428,092	88,183	516,275
Depreciable assets, net	2,434,953	1,209,492	3,644,445
Other assets:			
Net pension asset	75,783	16,726	92,509
Total Assets	5,319,961	2,083,686	7,403,647
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources - Pension	82,980	18,313	101,293
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	134,451	23,968	158,419
Payroll taxes payable	5,398	-	5,398
Accrued salaries	5,912	2,228	8,140
Accrued interest payable	-	4,519	4,519
Other accrued expenses	150	-	150
Deposits to secure services	-	73,982	73,982
Unearned Revenues	657,787	-	657,787
Noncurrent Liabilities			
Due within one year:			
Compensated absences	567	265	832
Financed purchase obligation	-	34,194	34,194
Due in more than one year:			
Compensated absences, net of current portion	2,268	1,062	3,330
Financed purchase obligation, net of current portion	-	146,011	146,011
Total Liabilities	806,533	286,229	1,092,762
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows of resources - Pension	71,797	15,846	87,643
<u>NET POSITION</u>			
Net investment in capital assets	2,863,045	1,117,470	3,980,515
Restricted for:			
Capital projects	1,173,647	-	1,173,647
Public safety	33,260	-	33,260
Unrestricted	454,659	682,454	1,137,113
Total Net Position	\$ 4,524,611	\$ 1,799,924	\$ 6,324,535

The Notes to Financial Statements are an integral part of these statements.

CITY OF BROOKLET, GEORGIA
Statement of Activities
For the Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 244,368	\$ 50,058	\$ -	\$ -	\$ (194,310)	\$ -	\$ (194,310)
Judicial	5,200	-	-	-	(5,200)	-	(5,200)
Public safety	385,797	64,904	6,000	-	(314,893)	-	(314,893)
Public works	248,758	-	6,261	618,269	375,772	-	375,772
Community services	6,852	3,350	-	-	(3,502)	-	(3,502)
Total governmental activities	890,975	118,312	12,261	618,269	(142,133)	Nil	(142,133)
Business-type activities:							
Water	298,295	367,974	-	-	-	69,679	69,679
Sanitation	120,394	174,469	-	-	-	54,075	54,075
Total business-type activities	418,689	542,443	Nil	Nil	Nil	123,754	123,754
Total	\$ 1,309,664	\$ 660,755	\$ 12,261	\$ 618,269	(142,133)	123,754	(18,379)

General Revenues

Property taxes	505,120	-	505,120
Franchise taxes	100,124	-	100,124
Insurance premium taxes	153,725	-	153,725
Financial institution taxes	14,707	-	14,707
Alcoholic beverage taxes	30,219	-	30,219
Intangible and other taxes	5,627	-	5,627
Interest	12,602	4,154	16,756
Other revenues	5,798	-	5,798
Total general revenues	827,922	4,154	832,076
Transfers	(29,904)	29,904	-
Total general revenues and transfers	798,018	34,058	832,076
Change in net position	655,885	157,812	813,697
Net position, beginning of year (as restated)	3,868,726	1,642,112	5,510,838
Net position, end of year	\$ 4,524,611	\$ 1,799,924	\$ 6,324,535

The Notes to Financial Statements are an integral part of these statements.

CITY OF BROOKLET, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>American Rescue Plan Fund</u>	<u>SPLOST 2019 Fund</u>	<u>TSPLOST Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash	\$ 508,912	\$ 669,250	\$ 161,899	\$ 836,473	\$ 2,176,534
Receivables:					
Taxes receivable	11,994	-	-	-	11,994
Intergovernmental receivables	-	-	93,788	85,102	178,890
Other receivables	13,667	-	-	-	13,667
Accrued interest receivable	49	-	-	-	49
Total Assets	<u>\$ 534,622</u>	<u>\$ 669,250</u>	<u>\$ 255,687</u>	<u>\$ 921,575</u>	<u>\$ 2,381,134</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>					
Accounts payable	\$ 85,413	\$ -	\$ -	\$ 49,040	\$ 134,453
Payroll taxes payable	5,398	-	-	-	5,398
Accrued salaries	5,912	-	-	-	5,912
Other liabilities	150	-	-	-	150
Unearned Revenues	-	657,787	-	-	657,787
Total Liabilities	96,873	657,787	Nil	49,040	803,700
Deferred Inflows of Resources	13,682	Nil	Nil	Nil	13,682
Total Liabilities and Deferred Inflows of Resources	<u>110,555</u>	<u>657,787</u>	<u>Nil</u>	<u>49,040</u>	<u>817,382</u>
<u>FUND BALANCES</u>					
Restricted for:					
Capital projects	33,962	11,463	255,687	872,535	1,173,647
Public safety	33,260	-	-	-	33,260
Unassigned	356,845	-	-	-	356,845
Total Fund Balances	<u>424,067</u>	<u>11,463</u>	<u>255,687</u>	<u>872,535</u>	<u>1,563,752</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 534,622</u>	<u>\$ 669,250</u>	<u>\$ 255,687</u>	<u>\$ 921,575</u>	<u>\$ 2,381,134</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF BROOKLET, GEORGIA
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2023*

Total Governmental Fund Balances		\$	1,563,752
<i>Amounts reported in governmental activities in the statements of net position are different because:</i>			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.			
Cost		\$	4,578,601
Accumulated depreciation		<u>(1,715,556)</u>	2,863,045
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			
Property taxes		\$	13,682
Net pension benefit		<u>75,783</u>	\$ 89,465
Deferred outflows are not current assets or financial resources and deferred inflows are not due and payable in the current period and, therefore, are not reported in governmental funds.			
Deferred outflows		\$	82,980
Deferred inflows		<u>(71,797)</u>	11,183
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences			<u>(2,834)</u>
Total Net Position of Governmental Activities		<u>\$</u>	<u>4,524,611</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF BROOKLET, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	American Rescue Plan Fund	SPLOST 2019 Fund	TSPLOST Fund	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	\$ 416,062	\$ -	\$ -	\$ -	\$ 416,062
Motor vehicle taxes	90,140	-	-	-	90,140
Mobile home taxes	1,636	-	-	-	1,636
Franchise taxes	100,124	-	-	-	100,124
Alcoholic beverage taxes	30,219	-	-	-	30,219
Business and occupation taxes	19,064	-	-	-	19,064
Insurance premium taxes	153,725	-	-	-	153,725
Financial institution taxes	14,707	-	-	-	14,707
Other taxes	5,627	-	-	-	5,627
Licenses and permits	20,983	-	-	-	20,983
Intergovernmental revenues	46,223	20,000	93,788	460,156	620,167
Fees, fines and forfeitures	64,904	-	-	-	64,904
Investment income	2,132	10,470	611	9,751	22,964
Other revenues	18,237	-	-	-	18,237
Total revenues	983,783	30,470	94,399	469,907	1,578,559
EXPENDITURES					
Current operations:					
General city government	231,566	-	-	-	231,566
Judicial	5,200	-	-	-	5,200
Public safety	369,717	-	-	-	369,717
Public works	242,408	-	-	-	242,408
Community services	6,852	-	-	-	6,852
Capital:					
Public safety	-	-	65,310	-	65,310
Public works	-	20,146	5,600	310,179	335,925
Total expenditures	855,743	20,146	70,910	310,179	1,256,978
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	128,040	10,324	23,489	159,728	321,581
OTHER FINANCING SOURCES (USES)					
Transfers in	51,742	-	-	-	51,742
Transfers out	(56,046)	-	-	-	(56,046)
NET CHANGE IN FUND BALANCES	123,736	10,324	23,489	159,728	317,277
FUND BALANCES, beginning of year (as restated)	300,331	1,139	232,198	712,807	1,246,475
FUND BALANCES, end of year	\$ 424,067	\$ 11,463	\$ 255,687	\$ 872,535	\$ 1,563,752

The Notes to Financial Statements are an integral part of these statements.

CITY OF BROOKLET, GEORGIA
*Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023*

Net change in fund balances - total governmental funds		\$	317,277
<i>Amounts reported in the Statement of Activities are different because:</i>			
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.			456,096
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.			(134,667)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Deferred property taxes at June 30, 2023	\$	13,682	
Deferred property taxes at June 30, 2022		<u>(15,481)</u>	(1,799)
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.			
Change in net pension liability and related deferred inflows and outflows of resources			17,948
Compensated absences reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Liability at June 30, 2023	\$	(2,835)	
Liability at June 30, 2022		<u>3,865</u>	<u>1,030</u>
Change in net position in governmental funds			<u>\$ 655,885</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF BROOKLET, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes:				
Property taxes	\$ 343,700	\$ 411,400	\$ 416,062	\$ 4,662
Motor vehicle taxes	85,000	88,000	90,140	2,140
Mobile home taxes	1,650	1,650	1,636	(14)
Franchise taxes	90,260	92,300	100,124	7,824
Alcoholic beverage taxes	14,000	14,000	30,219	16,219
Business and occupation taxes	39,000	39,050	19,064	(19,986)
Insurance premium taxes	140,000	147,650	153,725	6,075
Financial institution taxes	13,500	13,500	14,707	1,207
Other taxes	9,000	9,000	5,627	(3,373)
Licenses and permits	24,500	31,950	20,983	(10,967)
Intergovernmental revenues	29,500	33,900	46,223	12,323
Fees, fines and forfeitures	72,500	63,800	64,904	1,104
Investment income	1,300	1,300	2,132	832
Other revenues	15,000	23,800	18,237	(5,563)
	<u>878,910</u>	<u>971,300</u>	<u>983,783</u>	<u>12,483</u>
Total revenues				
EXPENDITURES				
Current operations:				
General city government	270,000	246,000	231,566	14,434
Judicial	8,500	7,000	5,200	1,800
Public safety	516,500	397,000	369,717	27,283
Public works	151,175	180,300	242,408	(62,108)
Community services	11,235	10,000	6,852	3,148
	<u>957,410</u>	<u>840,300</u>	<u>855,743</u>	<u>(15,443)</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(78,500)	131,000	128,040	(2,960)
OTHER FINANCING SOURCES (USES)				
Transfers in	78,500	21,000	51,742	30,742
Transfers out	-	(152,000)	(56,046)	95,954
	<u>78,500</u>	<u>(131,000)</u>	<u>(4,304)</u>	<u>30,742</u>
NET CHANGE IN FUND BALANCES	Nil	Nil	123,736	123,736
FUND BALANCES, beginning of year	<u>300,331</u>	<u>300,331</u>	<u>300,331</u>	<u>Nil</u>
FUND BALANCES, end of year	<u>\$ 300,331</u>	<u>\$ 300,331</u>	<u>\$ 424,067</u>	<u>\$ 123,736</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF BROOKLET, GEORGIA
American Rescue Plan Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes:				
Intergovernmental revenues	\$ -	\$ 338,894	\$ 20,000	\$ (318,894)
Investment income	-	-	10,470	10,470
	<u>Nil</u>	<u>338,894</u>	<u>30,470</u>	<u>(308,424)</u>
Total revenues				
EXPENDITURES				
Capital:				
Public works	-	-	20,146	(20,146)
	<u>Nil</u>	<u>Nil</u>	<u>20,146</u>	<u>(20,146)</u>
Total expenditures				
NET CHANGE IN FUND BALANCES	Nil	338,894	10,324	(328,570)
FUND BALANCES, beginning of year	1,139	1,139	1,139	Nil
FUND BALANCES, end of year	<u>\$ 1,139</u>	<u>\$ 340,033</u>	<u>\$ 11,463</u>	<u>\$ (328,570)</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF BROOKLET, GEORGIA
Statement of Net Position
Proprietary Funds
June 30, 2023

	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash	\$ 700,251	\$ 17,885	\$ 718,136
Accounts receivable	36,761	14,351	51,112
Accrued interest receivable	37	-	37
	737,049	32,236	769,285
Noncurrent Assets			
Capital assets:			
Nondepreciable assets	73,183	15,000	88,183
Depreciable assets, net	1,007,693	201,799	1,209,492
Other assets:			
Net pension asset	9,473	7,253	16,726
	1,090,349	224,052	1,314,401
Total Assets	1,827,398	256,288	2,083,686
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related deferred outflows of resources	10,372	7,941	18,313
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	15,238	8,730	23,968
Accrued salaries	1,267	961	2,228
Accrued interest payable	-	4,519	4,519
Compensated absences	97	168	265
Financed purchase obligation - current portion	-	34,194	34,194
Deposits to secure service	62,720	11,262	73,982
	79,322	59,834	139,156
Noncurrent Liabilities			
Compensated absences	388	674	1,062
Financed purchase obligation, net of current portion	-	146,011	146,011
	388	146,685	147,073
Total Liabilities	79,710	206,519	286,229
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension-related deferred inflows of resources	8,975	6,871	15,846
<u>NET POSITION</u>			
Net investment in capital assets	1,080,876	36,594	1,117,470
Unrestricted	668,209	14,245	682,454
Total Net Position	\$ 1,749,085	\$ 50,839	\$ 1,799,924

The Notes to Financial Statements are an integral part of these statements.

CITY OF BROOKLET, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
OPERATING REVENUES			
Customer charges	\$ 337,563	\$ 174,469	\$ 512,032
Installation charges	2,625	-	2,625
Tap fees	2,800	-	2,800
Penalties	25,100	-	25,100
Miscellaneous	(114)	-	(114)
	<hr/>	<hr/>	<hr/>
Total operating revenues	367,974	174,469	542,443
OPERATING EXPENSES			
Salaries	57,757	40,723	98,480
Employee benefits	14,694	5,809	20,503
Contractual services	38,288	-	38,288
Repairs, maintenance and other contractual services	50,422	7,948	58,370
Communications	1,848	-	1,848
Liability and property insurance	4,725	5,672	10,397
Landfill fees	-	30,773	30,773
Supplies and materials	45,265	412	45,677
Utilities	21,021	-	21,021
Vehicle gasoline	2,216	8,116	10,332
Depreciation	53,391	16,161	69,552
Other expenses	8,668	-	8,668
	<hr/>	<hr/>	<hr/>
Total operating expenses	298,295	115,614	413,909
OPERATING INCOME	<hr/>	<hr/>	<hr/>
	69,679	58,855	128,534
NONOPERATING REVENUES (EXPENSES)			
Interest earned on investments	4,070	84	4,154
Interest expense	-	(4,780)	(4,780)
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	4,070	(4,696)	(626)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<hr/>	<hr/>	<hr/>
	73,749	54,159	127,908
Contributed capital	25,600	-	25,600
Transfers in	56,046	-	56,046
Transfers out	-	(51,742)	(51,742)
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION	155,395	2,417	157,812
NET POSITION, beginning of year	<hr/>	<hr/>	<hr/>
	1,593,690	48,422	1,642,112
NET POSITION, end of year	<hr/> <u>\$ 1,749,085</u>	<hr/> <u>\$ 50,839</u>	<hr/> <u>\$ 1,799,924</u>

The Notes to Financial Statements are an integral part of these statements.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide financial statements - The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the primary government. As a general rule, the effect of interfund activity, within the governmental and business-type activities, has been removed from these statements. Fiduciary activities are not included at the government-wide reporting level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and intergovernmental revenues, from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses.

Fund financial statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. Each fund is considered to be a separate accounting entity with a self-balancing set of accounts. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for nonmajor funds.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The City's major governmental funds are:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's unassigned fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

American Rescue Plan Fund - To account for the costs of certain public safety salaries and water and sewer improvements. Financing is being provided through the American Rescue Plan (ARPA) program.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

SPLOST 2019 Fund - This fund is used to account for the proceeds of a Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Bulloch County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water facilities or improvements.

TSPLOST 2013 Fund - This fund is used to account for the proceeds of a Transportation Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Bulloch County, Georgia. Proceeds are restricted to use for certain transportation capital improvements.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise funds.

Water Fund - This fund is used to account for the operation of the City's water system which renders services to the residents and businesses located within the City.

Sanitation Fund - This fund is used to account for the operation of the City's solid waste and sanitation program.

C. Measurement Focus

Government-wide Financial Statements - The government-wide statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statements of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses), in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial statements and reported on the financial statement. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Note 1. Summary of Significant Accounting Policies (continued)

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The City considers revenues to be available if they are collected within 60 days after year end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales tax, property taxes, grants and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the calendar year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected by year end or within 60 days) before it can be recognized. Under the modified accrual basis, the revenues susceptible to accrual are property taxes, franchise taxes, licenses and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

E. Assets, Liabilities and Net Position or Equity

1. Cash, Cash Equivalents and Investments

The City's cash and equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity date within three months of the date acquired by the government.

State statute authorizes municipalities to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the government or governmental agency
- Obligations of any corporations of the government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

It is the City's policy to invest all cash in insured deposit accounts. Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U. S. obligations.

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position or Equity (continued)

2. Receivables

Receivables are stated net of an allowance for uncollectible accounts. Delinquent taxes receivable are offset by the deferral of the related revenues until payment is received except amounts received within 60 days of the balance sheet date.

3. Interfund Balances

Outstanding balances resulting in transactions between funds are reported as "due to/from other funds." These amounts are eliminated in the governmental and business-type activities column of the government-wide statement of net position, except that any residual balances between the governmental activities and the business-type activities are reported on the government-wide financial statements as "internal balances."

4. Interfund Activities

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the nonoperating revenues/expenses section in proprietary funds. Repayments from funds responsible for expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated. Transfers between governmental and business-type activities are eliminated from the total column.

5. Inventories and Prepaid Expenses

The purchase method is used to account for inventories of materials. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of their respective funds. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates the assets are unavailable for appropriation even though they are a component of reported assets.

Payments by the City in the current year to provide services occurring in the subsequent fiscal year are recorded under the purchase method. Therefore, no prepaid balance has been reflected at year end.

6. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds or contributions. The City reports these assets in the governmental activities column of the government-wide statement of net position, but does not report these assets in the governmental fund statements. Capital assets utilized by proprietary funds are reported both in the business-type column of the government-wide statement of net position and in the proprietary fund's statement of net position. General infrastructure assets (i.e., roads, bridges, right of ways, and similar items) acquired prior to July 1, 2003 are not reported.

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position or Equity (continued)

6. Capital Assets (continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated fair market value as of the date received. The City maintains a capitalization threshold of \$5,000 for infrastructure, and a capitalization threshold of \$500 for other capital assets. The City's infrastructure consists of roads, bridges, storm sewers, sidewalks, traffic islands, street lights, traffic signals, and street signs. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Category</u>	<u>Estimated Useful Life</u>
Improvements and infrastructure	15 to 40 years
Buildings	20 to 40 years
Land improvements	15 to 50 years
Machinery and equipment	5 to 10 years
Vehicles	5 to 7 years

7. Deferred Outflows/Inflows of Resources

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 fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes and intergovernmental revenues as these amounts are deferred and will be recognized as inflow of resources in the period in which the amounts become available.

The City also has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjusts the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position or Equity (continued)

8. Compensated Absences

It is the City's policy to pay employees for unused vacation when there is a separation from service. Accumulated sick pay does not vest and is not paid upon termination.

Leave benefits are accrued when incurred in the government-wide and proprietary fund statements as these amounts will be paid to employees upon termination or retirement. A liability for compensated absences is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. All compensated absence liabilities include salary-related payments, where applicable.

9. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

10. Fund Net Position or Equity

Fund equity at the governmental fund 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 current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.
- **Committed** - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position or Equity (continued)

10. Fund Net Position or 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 or committed. Assignment of funds requires a simple majority vote of City 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. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions - When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

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

11. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating revenues are those revenues generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for the use of the water and solid waste programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, including investment earnings, interest expense, and the gain or loss on the disposition of capital assets.

12. Pensions

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

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position or Equity (continued)

13. Use of 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 amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

14. Comparative Data

Comparative total data for the prior year has been presented only for individual funds in the fund financial statements and schedules in order to provide an understanding of the changes in financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

The City adopts an annual operating budget for all governmental funds except the capital projects funds, which have an adopted project budget. The budgets are adopted on a basis consistent with GAAP, except that no provision is made to reserve for encumbrances. All annual appropriations lapse at fiscal year end.

The City's budgetary process requires that expending agencies and department heads submit appropriation requests to the City Clerk. After review by the City Clerk, the requests are combined and an operating budget is submitted to the City Council prior to June for the fiscal year commencing the following July 1. Once received by the City Council, public hearings are advertised and conducted at City Hall to obtain taxpayer comments. Prior to July, the budget is legally enacted through passage of an ordinance. The final budget can be amended by the City Council throughout the year.

During the fiscal year ended June 30, 2023, City Council approved a budget amendment which decreased General Fund expenditures by \$117,110.

The legal level of budgetary control is the department level.

The City does not use encumbrance accounting, whereby commitments for goods and services at the end of the year are recorded as encumbrances for budgetary control.

B. Excess of Expenditures over Appropriations

In governmental funds, operating expenditures exceeded the budget as follows:

General Fund		
General city government: Legislative	\$	50
Public works: Streets	\$	66,458

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

At June 30, 2023, the carrying amount of the City's deposits was \$2,894,669 which is reflected as cash of \$2,894,669. The related bank balance was \$2,903,654. Of this bank balance, \$500,000 was FDIC insured. The uninsured portion was collateralized at 110% with State or U.S. Government securities held by a third party.

B. Receivables

Receivables at June 30, 2023, including the applicable allowance for uncollectible accounts, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Property taxes at June 30, 2023 consisted of the following:

Taxes receivable - Current	\$ 5,250
Prior	<u>9,342</u>
Gross receivables	14,592
Allowance for uncollectible accounts	<u>2,598</u>
Total	<u>\$ 11,994</u>

Other receivables at June 30, 2023, consisted of the following:

	<u>General Fund</u>	<u>SPLOST 2019 Fund</u>	<u>TSPLOST Fund</u>	<u>Enterprise</u>	<u>Total</u>
Intergovernmental receivables	\$ -	\$ 93,788	\$ 85,102	\$ -	\$ 178,890
Other receivables	<u>13,667</u>	<u>-</u>	<u>\$ -</u>	<u>55,656</u>	<u>69,323</u>
Gross receivables	13,667	93,788	85,102	55,656	248,213
Allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,544</u>	<u>4,544</u>
Total	<u>\$ 13,667</u>	<u>\$ 93,788</u>	<u>\$ 85,102</u>	<u>\$ 51,112</u>	<u>\$ 243,669</u>

Intergovernmental receivables at June 30, 2023 consisted of SPLOST and TSPLOST revenues due from Bulloch County, Georgia.

Other receivables in the General Fund consist primarily of franchise taxes, local option sales taxes and alcoholic beverage taxes.

C. Property Taxes

Property taxes are levied on October 20, based on the assessed value of property as listed on the previous January 1 and are due December 20. On December 21, the bill becomes delinquent and interest may be assessed by the government. Penalties may be assessed 30 days after that date.

At the fund reporting level, if delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred revenue since they are not available to finance current expenditures. The City has adopted the policy of writing off all taxes receivable over seven years old.

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets

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

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 381,876	\$ -	\$ -	\$ 381,876
Construction-in-progress	178,397	406,839	539,020	46,216
Total nondepreciable capital assets	<u>560,273</u>	<u>406,839</u>	<u>539,020</u>	<u>428,092</u>
Depreciable assets: (as restated)				
Infrastructure	1,956,297	513,420	-	2,469,717
Buildings	708,602	-	-	708,602
Machinery and equipment	563,277	24,816	-	588,093
Vehicles	334,059	50,038	-	384,097
Total depreciable capital assets	<u>3,562,235</u>	<u>588,274</u>	<u>-</u>	<u>4,150,509</u>
Total capital assets	<u>4,122,508</u>	<u>995,113</u>	<u>539,020</u>	<u>4,578,601</u>
Accumulated depreciation: (as restated)				
Infrastructure	698,629	51,413	-	750,042
Buildings	273,050	16,478	-	289,528
Machinery and equipment	347,950	34,869	-	382,819
Vehicles	261,260	31,907	-	293,167
Total accumulated depreciation	<u>1,580,889</u>	<u>134,667</u>	<u>Nil</u>	<u>1,715,556</u>
Governmental activities capital assets, net	<u>\$ 2,541,619</u>	<u>\$ 860,446</u>	<u>\$ 539,020</u>	<u>\$ 2,863,045</u>
Governmental activities depreciation expense:				
General city government		\$ 9,948		
Public safety		43,260		
Public works		81,373		
Other		86		
Total governmental activities depreciation expense		<u>\$ 134,667</u>		

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>
Business-Type Activities:				
Nondepreciable capital assets:				
Land	\$ 21,632	\$ 21,330	\$ -	\$ 42,962
Construction-in-progress	5,084	249,927	209,790	45,221
Total nondepreciable capital assets	<u>26,716</u>	<u>271,257</u>	<u>209,790</u>	<u>88,183</u>
Depreciable capital assets:				
Infrastructure	1,558,210	175,344	-	1,733,554
Buildings and plant	82,771	-	-	82,771
Machinery and equipment	199,263	23,715	-	222,978
Vehicles	366,526	-	-	366,526
Total depreciable capital assets	<u>2,206,770</u>	<u>199,059</u>	<u>-</u>	<u>2,405,829</u>
Total capital assets	<u>2,233,486</u>	<u>470,316</u>	<u>209,790</u>	<u>2,494,012</u>
Accumulated depreciation:				
Infrastructure	842,981	41,291	-	884,272
Buildings	16,990	2,197	-	19,187
Machinery and equipment	118,152	9,998	-	128,150
Vehicles	148,662	16,066	-	164,728
Total accumulated depreciation	<u>1,126,785</u>	<u>69,552</u>	<u>Nil</u>	<u>1,196,337</u>
Business-type capital assets, net	<u>\$ 1,106,701</u>	<u>\$ 400,764</u>	<u>\$ 209,790</u>	<u>\$ 1,297,675</u>
Business-type activities depreciation expense:				
Water		\$ 53,391		
Sanitation		16,161		
Total business-type activities depreciation expense		<u>\$ 69,552</u>		

Note 3. Detailed Notes on All Funds (continued)

E. Interfund Balances and Transfers

A summary of interfund transfers during the year ended June 30, 2023, is as follows:

	<u>Transfers to:</u>		
	<u>General Fund</u>	<u>Enterprise Fund</u> <u>Water Fund</u>	<u>Total</u>
Transfers from:			
Governmental funds:			
General Fund	\$ -	\$ 56,046	\$ 56,046
Total governmental funds	Nil	56,046	56,046
Proprietary funds:			
Sanitation Fund	51,742	-	51,742
Total proprietary funds	51,742	Nil	51,742
Total	<u>\$ 51,742</u>	<u>\$ 56,046</u>	<u>\$ 107,788</u>

Amounts transferred to the General Fund from the Water Fund represent amounts transferred to cover operating shortfalls. Amounts transferred to the Sanitation Fund from the General Fund represent net cash transactions of the Sanitation Fund which were deposited into or paid from the General Fund.

F. Long-Term Debt

1. Financed Purchase Obligations

The City has the following obligations under financed purchased agreements at June 30, 2023:

Financed purchase agreement payable to Truist due in annual installments of \$38,934, including interest at 2.63%, through July, 2027, for the acquisition of sanitation equipment	\$ 180,205
Total	<u>\$ 180,205</u>

The agreement was formerly considered a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum as of the inception date. The assets acquired through the financed purchase agreement are as follows:

	<u>Business-Type Activities</u>
Sanitation truck	\$ 240,978
Total original cost	240,978
Accumulated depreciation	<u>44,179</u>
Total	<u>\$ 196,799</u>

Note 3. Detailed Notes on All Funds (continued)

The future minimum payments and the net present value of these payments as of June 30, 2023, were as follows:

	<u>Business-Type Activities</u>
2024	\$ 38,934
2025	38,934
2026	38,934
2027	38,934
2028	<u>38,933</u>
Total minimum payments	194,669
Less: amount representing interest	<u>14,464</u>
Total	<u>\$ 180,205</u>

2. Changes in Long-Term Debt

Transactions for the year ended June 30, 2023 are summarized as follows:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 3,865	\$ -	\$ 1,030	\$ 2,835	\$ 567
Total governmental activities	<u>3,865</u>	<u>Nil</u>	<u>1,030</u>	<u>2,835</u>	<u>567</u>
Business-Type Activities:					
Financed purchase obligation	213,523	-	33,318	180,205	34,194
Compensated absences	<u>1,414</u>	<u>-</u>	<u>87</u>	<u>1,327</u>	<u>265</u>
Total business-type activities	<u>214,937</u>	<u>Nil</u>	<u>33,405</u>	<u>181,532</u>	<u>34,459</u>
Total	<u>\$ 218,802</u>	<u>\$ Nil</u>	<u>\$ 34,435</u>	<u>\$ 184,367</u>	<u>\$ 35,026</u>

The compensated absences liability will be paid from the proprietary fund from which the employees' salaries are paid. Compensated absences for governmental activities will be paid from the General Fund.

Note 3. Detailed Notes on All Funds (continued)

G. Pension Plan

1. Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Brooklet Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employees Benefits System (GMEBS), an agent multiple-employer plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. 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 writing to the Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Prior Street, SW, Atlanta, Georgia 30303 or by calling (404)688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established and amended by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All full-time employees are immediately eligible to participate. Benefits vest after 10 years. Members with 10 years of total service are eligible to retire at age 55 with reduced retirement benefits. Members with five years of total service are eligible to retire at age 65 with full retirement benefits.

Plan Membership. At January 1, 2023, the date of the most recent actuarial valuation, there were 19 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	3
Terminated vested participants not yet receiving benefits	6
Active employees - vested	2
Active employees - nonvested	8
Total	<u>19</u>

Contributions. Participating employees are not required to contribute to the plan. The City is subject to the minimum funding standards of the Georgia Public Retirement Systems Standards law (Georgia Code Section 47-20-10). The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2023, the actuarially determined contribution rate was 1.20% of covered payroll. For 2023, the City's contribution to the plan was \$3,581.

2. Net Pension Liability

Effective July 1, 2014 the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The City's net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2022.

Note 3. Detailed Notes on All Funds (continued)

G. Pension Plan (continued)

Actuarial Assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 %
Salary increases	3.00 %
Investment rate of return	7.38 %

Mortality rates for the January 1, 2023 valuation were based on the RP-2000 Combined Healthy Mortality Rates with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - June 30, 2019.

The salary increase assumptions range from 3.00% to 8.50% and include an inflation assumption of 2.25%. Cost of living adjustments were not applicable.

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the table below:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45 %	6.40 %
International equity	20 %	6.80 %
Domestic fixed income	20 %	0.40 %
Real Estate	10 %	39.00 %
Global fixed income	5 %	0.46 %
Total	<u>100 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.375%. The discount rates did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that City contribution will be made at contractually required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 3. Detailed Notes on All Funds (continued)

G. Pension Plan (continued)

3. Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2021	\$ 321,498	\$ 489,666	\$ (168,168)
Changes for the year:			
Service cost	12,625	-	12,625
Interest	24,084	-	24,084
Differences between expected and actual experience	(41,518)	-	(41,518)
Contributions - employer	-	861	(861)
Contributions - employee	-	-	-
Net investment income	-	(78,066)	78,066
Benefit payments, including refunds of employee contributions	(15,132)	(15,132)	-
Administrative expense	-	(3,264)	3,264
Net changes	(19,941)	(95,601)	75,660
Balances at September 30, 2022	<u>\$ 301,557</u>	<u>\$ 394,065</u>	<u>\$ (92,508)</u>

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to 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.

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, 2022.

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 rates of 7.375%, 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 Discount Rate 7.375 %	1% Increase 8.375 %
City's net pension liability	<u>\$ (46,678)</u>	<u>\$ (92,508)</u>	<u>\$ (129,493)</u>

Note 3. Detailed Notes on All Funds (continued)

G. Pension Plan (continued)

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

For the year ended June 30, 2023, the City recognized pension expense of \$(14,904). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,756	\$ (42,963)
Changes in assumptions	-	(1,257)
Net difference between projected and actual earnings on pension plan investments	93,983	(43,423)
City contributions subsequent to the measurement date	<u>2,555</u>	<u>-</u>
Total	<u>\$ 101,294</u>	<u>\$ (87,643)</u>

City contributions subsequent to the measurement date of \$2,555 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	
2024	\$ (3,319)
2025	(6,707)
2026	(1,584)
2027	<u>22,706</u>
Total	<u>\$ 11,096</u>

H. Equity

Net position on the government-wide statement of assets as of June 30, 2023, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cost of capital assets	\$ 4,578,601	\$ 2,494,012	\$ 7,072,613
Accumulated depreciation	<u>1,715,556</u>	<u>1,196,337</u>	<u>2,911,893</u>
Book value	2,863,045	1,297,675	4,160,720
Less capital related debt	-	180,205	180,205
Investment in capital assets	<u>\$ 2,863,045</u>	<u>\$ 1,117,470</u>	<u>\$ 3,980,515</u>

Note 3. Detailed Notes on All Funds (continued)

H. Equity (continued)

The Statement of Net Position shows certain amounts as restricted net position. These amounts are restricted in their use by parties outside the City such as creditors, grantors, or contributors, or restricted by law or regulation. Components of restricted net position include:

Activity	Restricted By	Governmental Activities	Business-Type Activities	Total
Capital projects				
SPLOST capital projects	Law	\$ 872,535	\$ -	\$ 872,535
TSPLOST capital projects	Law	255,687	-	255,687
American Rescue Plan Fund	Law	11,463	-	11,463
LMIG Construction Projects	Grantor Agency	33,962	-	33,962
Total capital projects		1,173,647	-	1,173,647
Public safety	Law	33,260	-	33,260
Total restricted net position		<u>\$ 1,206,907</u>	<u>\$ -</u>	<u>\$ 1,206,907</u>

Note 4. Other Notes

A. 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 for which the City carries the following insurance coverages. There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The amount of insurance coverage has been adequate over the last three fiscal years to cover any settlements. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA. The City is also responsible for following loss reduction and prevention procedures established by GIRMA and reporting 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. GIRMA's responsibility includes paying claims and representing the City in defense and settlement of claims within the scope of loss protection furnished by the funds. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at June 30, 2023. No provisions have been made in the financial statements for the year ended June 30, 2023 for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the City has no obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

The City pays unemployment claims to the Georgia Department of Labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

Note 4. Other Notes (continued)

B. Contingencies and Pending Litigation

At the date of this report, no litigation, claims or contingencies are pending.

C. Commitments

The City is involved in a continuing plan for various facility improvements. As of June 30, 2023, the City had the following commitments with respect to unfinished capital projects:

	<u>Total Project Cost</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Street improvements	\$ 778,000	\$ 732,200	December, 2023
Sidewalk improvements	600,000	600,000	December, 2024
Sewer extension	4,062,000	4,062,000	July, 2024
Water improvements	825,000	825,000	March, 2024
Total	<u>\$ 6,265,000</u>	<u>\$ 6,219,200</u>	

It is anticipated that funding for the street improvements will be provided through the City's TSPLOST funds.

It is anticipated that full funding for the sidewalk improvements will be provided through a Transportation Alternatives Program Grant (TAP), as well as SPLOST funds.

It is anticipated that full funding for the sewer extension will be provided through a Septic to Sewerage Grant, as well as a loan through the Georgia Environmental Finance Authority Clean Water State Revolving Loan Fund or the issuance of revenue bonds.

It is anticipated that full funding for the water improvements will be provided through the City's American Rescue Plan fund as well as funds from the Water fund's Capital Improvement account.

D. Restatement of Prior Year Data

During the year ended June 30, 2023, the City corrected an error in prior year recording of American Rescue Plan funds which were not yet earned.

The effect of the restatement on the government-wide financial statements is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Increase in liabilities: Unearned Revenues	\$ 338,894	\$ Nil
Beginning net position, restated	<u>\$ 338,894</u>	<u>\$ Nil</u>

The effect of the restatement on the fund financial statements is as follows:

	<u>American Rescue Plan Fund</u>	<u>T SPLOST Fund</u>
Increase in liabilities: Unearned Revenues	\$ 338,894	\$ Nil
Beginning net position, restated	<u>\$ 338,894</u>	<u>\$ Nil</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BROOKLET, GEORGIA
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	\$ 12,625	\$ 8,141	\$ 16,383	\$ 16,327	\$ 18,485	\$ 18,660	\$ 11,733	\$ 2,277	\$ 6,179
Interest on total pension liability	24,084	22,796	22,931	20,605	20,806	25,208	22,766	21,468	26,026
Difference between expected and actual experience	(41,518)	(2,836)	(17,129)	23,780	(19,622)	(90,390)	21,693	16,257	(67,099)
Changes of assumptions	-	-	-	(6,287)	-	3,328	-	-	-
Benefit payments, including refund of employee contributions	(15,132)	(15,132)	(16,397)	(20,191)	(20,192)	(26,086)	(23,262)	(23,263)	(22,154)
Other	-	-	-	-	-	-	-	-	(1,210)
Net change in total pension liability	(19,941)	12,969	5,788	34,234	(523)	(69,280)	32,930	16,739	(58,258)
Total pension liability - beginning	321,498	308,529	302,741	268,507	269,030	338,310	305,380	288,641	346,899
Total pension liability - ending (a)	\$ 301,557	\$ 321,498	\$ 308,529	\$ 302,741	\$ 268,507	\$ 269,030	\$ 338,310	\$ 305,380	\$ 288,641
Plan fiduciary net position									
Contributions - employer	\$ 861	\$ 20,053	\$ 18,508	\$ 18,318	\$ 18,323	\$ 13,447	\$ 6,226	\$ 13,182	\$ 22,507
Net investment income	(78,066)	95,712	34,899	10,514	32,219	43,628	31,118	3,755	30,375
Benefit payments, including refunds of member contributions	(15,132)	(15,132)	(16,397)	(20,191)	(20,192)	(26,086)	(23,262)	(23,263)	(22,154)
Administrative expenses	(3,264)	(3,393)	(3,322)	(3,254)	(3,629)	(3,830)	(1,884)	(1,996)	(1,641)
Net change in plan fiduciary net position	(95,601)	97,240	33,688	5,387	26,721	27,159	12,198	(8,322)	29,087
Plan fiduciary net position - beginning	489,666	392,426	358,738	353,351	326,630	299,471	287,273	295,595	266,508
Plan fiduciary net position - ending (b)	\$ 394,065	\$ 489,666	\$ 392,426	\$ 358,738	\$ 353,351	\$ 326,630	\$ 299,471	\$ 287,273	\$ 295,595
City's net pension liability - ending (a)-(b)	\$ (92,508)	\$ (168,168)	\$ (83,897)	\$ (55,997)	\$ (84,844)	\$ (57,600)	\$ 38,839	\$ 18,107	\$ (6,954)
Plan fiduciary net position as a percentage of the total pension liability	130.68 %	152.31 %	127.19 %	118.50 %	131.60 %	121.41 %	88.52 %	94.07 %	102.41 %
Covered-employee payroll	294,445	\$ 352,572	\$ 249,388	\$ 389,459	\$ 329,085	\$ 336,360	\$ 403,375	\$ 285,587	\$ 176,624
Net pension liability as a % of covered-employee payroll	(31.42)%	(47.70)%	(33.64)%	(14.38)%	(25.78)%	(17.12)%	9.63 %	6.34 %	(3.94)%

Notes to the schedule:

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

CITY OF BROOKLET, GEORGIA
Required Supplementary Information
Schedule of City Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	--	\$ 3,443	20,053	\$ 18,199	\$ 20,380	\$ 17,637	\$ 12,050	\$ 4,284	\$ 16,148
Contributions in relation to the actuarially determined contribution	--	\$ 4,203	20,053	\$ 18,199	20,380	16,633	13,054	4,284	17,995
Contribution deficiency (excess)	--	\$ (760)	Nil	\$ Nil	\$ Nil	\$ 1,004	\$ (1,004)	\$ Nil	\$ Nil
Covered-employee payroll	--	\$ 352,572	249,388	\$ 389,459	\$ 329,085	\$ 336,360	\$ 403,375	\$ 285,587	\$ 176,624
Contributions as a percentage of covered-employee payroll	--	1.19 %	8.04 %	4.67 %	6.19 %	4.94 %	3.24 %	1.50 %	10.19 %

¹ 2023 information will be determined after fiscal year end and will be included in the 2022 valuation report.

² Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in the receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

³ 2022 covered payroll is based on data collected as of September 30, 2021 for the 2022 actuarial valuation.

Notes to Schedule of Contributions:

Valuation Date: The actuarially determined contribution rate was determined as of January 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2024.

Methods and assumptions used to determine contribution rates

Actuarial cost method: Projected Unit Credit
 Amortization method: Closed level dollar for remaining unfunded liability
 Remaining amortization period: N/A
 Asset valuation method: Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial Assumptions:

Net Investment Rate of Return: 7.375%
 Projected salary increases: 2.25% plus service based merit increases
 Cost of Living Adjustments: N/A
 Retirement Age: Normal retirement age is 65 with 5 years of service; early retirement age is 55 with 10 years of service
 Mortality: The mortality tables (other than the one used for the plan termination basis) are projected generationally from 2012 to future years using 60% of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative.
 Changes of 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.

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

For information regarding assumptions and amortization methods, see Note 3.G.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF BROOKLET, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	2023				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2022 Actual
REVENUES					
Taxes:					
Property taxes	\$ 343,700	\$ 411,400	\$ 416,062	\$ 4,662	\$ 369,753
Motor vehicle taxes	85,000	88,000	90,140	2,140	75,080
Mobile home taxes	1,650	1,650	1,636	(14)	2,619
Franchise taxes	90,260	92,300	100,124	7,824	98,112
Alcoholic beverage taxes	14,000	14,000	30,219	16,219	28,327
Business and occupation taxes	39,000	39,050	19,064	(19,986)	16,530
Insurance premium taxes	140,000	147,650	153,725	6,075	114,790
Financial institution taxes	13,500	13,500	14,707	1,207	15,222
Other taxes	9,000	9,000	5,627	(3,373)	14,061
Licenses and permits	24,500	31,950	20,983	(10,967)	18,885
Intergovernmental revenues	29,500	33,900	46,223	12,323	41,844
Charges for services	-	-	-	-	324
Fees, fines and forfeitures	72,500	63,800	64,904	1,104	88,150
Investment income	1,300	1,300	2,132	832	574
Other revenues	15,000	23,800	18,237	(5,563)	160,925
Total revenues	878,910	971,300	983,783	12,483	1,045,196
EXPENDITURES					
Current operations:					
General city government					
Legislative	11,500	11,500	11,550	(50)	12,600
Administration	258,500	234,500	220,016	14,484	221,490
Judicial					
Municipal court	8,500	7,000	5,200	1,800	4,250
Public safety					
Police	516,500	397,000	369,717	27,283	432,464
Public works					
Street	140,000	168,800	235,258	(66,458)	186,245
Cemetery	11,175	11,500	7,150	4,350	9,773
Community services					
Community center	11,235	10,000	6,852	3,148	9,331
Total expenditures	957,410	840,300	855,743	(15,443)	876,153
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(78,500)	131,000	128,040	(2,960)	169,043

(Continued)

CITY OF BROOKLET, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	2023				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022 Actual</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	\$ -	\$ -	\$ -	\$ -	\$ 5,804
Transfers in	78,500	21,000	51,742	30,742	59,162
Transfers out	-	(152,000)	(56,046)	95,954	(162,647)
NET CHANGE IN FUND BALANCES	Nil	Nil	123,736	123,736	71,362
FUND BALANCES, beginning of year	300,331	300,331	300,331	Nil	228,969
FUND BALANCES, end of year	<u>\$ 300,331</u>	<u>\$ 300,331</u>	<u>\$ 424,067</u>	<u>\$ 123,736</u>	<u>\$ 300,331</u>

CITY OF BROOKLET, GEORGIA
American Rescue Plan Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	2023				2022 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
American Rescue Plan Fund	\$ -	\$ 338,894	\$ 20,000	\$ (318,894)	\$ -
Investment income	-	-	10,470	10,470	1,139
Total revenues	Nil	338,894	30,470	(308,424)	1,139
EXPENDITURES					
Capital:					
Public works	-	338,894	20,146	318,748	-
Total expenditures	Nil	338,894	20,146	318,748	Nil
NET CHANGE IN FUND BALANCES	Nil	Nil	10,324	10,324	1,139
FUND BALANCES, beginning of year (as restated)	1,139	1,139	1,139	Nil	Nil
FUND BALANCES, end of year	<u>\$ 1,139</u>	<u>\$ 1,139</u>	<u>\$ 11,463</u>	<u>\$ 10,324</u>	<u>\$ 1,139</u>

CITY OF BROOKLET, GEORGIA
SPLOST 2019 Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Intergovernmental revenues:		
SPLOST Revenues	\$ 93,788	\$ -
Investment income	<u>611</u>	<u>153</u>
Total revenues	<u>94,399</u>	<u>153</u>
EXPENDITURES		
Capital:		
Public safety	50,038	-
Public works	<u>20,872</u>	<u>54,892</u>
Total expenditures	<u>70,910</u>	<u>54,892</u>
NET CHANGE IN FUND BALANCES	23,489	(54,739)
FUND BALANCES, beginning of year	<u>232,198</u>	<u>286,937</u>
FUND BALANCES, end of year	<u><u>\$ 255,687</u></u>	<u><u>\$ 232,198</u></u>

CITY OF BROOKLET, GEORGIA
TSPLOST Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	2023	2022
REVENUES		
TSPLOST Revenues	\$ 460,156	\$ -
Investment income	9,751	1,891
Total revenues	469,907	1,891
EXPENDITURES		
Capital:		
Public works	310,179	329,083
Total expenditures	310,179	329,083
NET CHANGE IN FUND BALANCES	159,728	(327,192)
FUND BALANCES, beginning of year	712,807	1,039,999
FUND BALANCES, end of year	\$ 872,535	\$ 712,807

CITY OF BROOKLET, GEORGIA
Water Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Customer charges	\$ 337,563	\$ 327,101
Installation charges	2,625	400
Tap fees	2,800	11,000
Penalties	25,100	21,560
Miscellaneous	(114)	31
	367,974	360,092
OPERATING EXPENSES		
Salaries	57,757	54,558
Employee benefits	14,694	12,596
Contractual services	38,288	15,741
Repairs, maintenance and other contractual services	50,422	74,743
Communications	1,848	928
Liability and property insurance	4,725	4,110
Supplies and materials	45,265	52,468
Utilities	21,021	18,221
Vehicle gasoline	2,216	3,426
Depreciation	53,391	50,368
Other expenses	8,668	11,625
	298,295	298,784
OPERATING INCOME	69,679	61,308
NONOPERATING REVENUES (EXPENSES)		
Interest earned on investments	4,070	564
	4,070	564
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	73,749	61,872
Contributed capital	25,600	50,046
Transfers in	56,046	162,647
	155,395	274,565
CHANGE IN NET POSITION		
NET POSITION, beginning of year	1,593,690	1,319,125
NET POSITION, end of year	\$ 1,749,085	\$ 1,593,690

CITY OF BROOKLET, GEORGIA
Water Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 361,080	\$ 357,466
Cash paid for goods and services	(176,149)	(173,653)
Cash paid to employees for services	(57,443)	(54,273)
Customer deposits received (refunded)	<u>1,250</u>	<u>6,960</u>
Net cash provided by operating activities	<u>128,738</u>	<u>136,500</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net borrowings from other funds	-	(14,835)
Net transfers in (out)	<u>56,046</u>	<u>162,647</u>
Net cash provided by noncapital financing activities	<u>56,046</u>	<u>147,812</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	<u>(234,926)</u>	<u>(29,614)</u>
Net cash used by capital and related financing activities	<u>(234,926)</u>	<u>(29,614)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	<u>4,053</u>	<u>574</u>
Net cash provided by investing activities	<u>4,053</u>	<u>574</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(46,089)	255,272
CASH AND EQUIVALENTS, beginning of year	<u>746,340</u>	<u>491,068</u>
CASH AND EQUIVALENTS, end of year	<u><u>\$ 700,251</u></u>	<u><u>\$ 746,340</u></u>

(Continued)

CITY OF BROOKLET, GEORGIA
Water Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<i>Reconciliation of net income to net cash provided by operating activities:</i>		
OPERATING INCOME	\$ 69,679	\$ 61,308
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivable	-	2,516
Depreciation	53,391	74,899
Decrease (increase) in operating assets:		
Accounts receivable	(6,894)	(2,625)
Pension related deferred outflows of resources	(8,448)	5,133
Increase (decrease) in operating liabilities:		
Accounts payable	11,970	(5,924)
Accrued salaries	469	408
Accrued leave benefits	(155)	(124)
Deposits for services	1,250	6,960
Net pension liability (benefit)	9,295	(5,663)
Pension related deferred inflows of resources	(1,819)	(388)
	<u>59,059</u>	<u>75,192</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>128,738</u>	\$ <u>136,500</u>

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:		
Contribution of property and equipment through SPLOST funds	<u>\$ 25,600</u>	<u>\$ 50,046</u>

CITY OF BROOKLET, GEORGIA
Sanitation Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Customer charges	\$ 174,469	\$ 153,055
Total operating revenues	174,469	153,055
OPERATING EXPENSES		
Salaries	40,723	38,898
Employee benefits	5,809	(4,814)
Repairs, maintenance and other contractual services	7,948	3,888
Liability and property insurance	5,672	5,056
Landfill fees	30,773	27,114
Supplies and materials	412	-
Vehicle gasoline	8,116	2,913
Depreciation	16,161	16,639
Other expenses	-	1,703
Total operating expenses	115,614	91,397
OPERATING INCOME	58,855	61,658
NONOPERATING REVENUES (EXPENSES)		
Interest earned on investments	84	25
Interest expense	(4,780)	(5,655)
Total nonoperating revenues (expenses)	(4,696)	(5,630)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	54,159	56,028
Transfers out	(51,742)	(59,162)
CHANGE IN NET POSITION	2,417	(3,134)
NET POSITION, beginning of year	48,422	51,556
NET POSITION, end of year	\$ 50,839	\$ 48,422

CITY OF BROOKLET, GEORGIA
Sanitation Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 172,172	\$ 150,818
Cash paid for goods and services	(52,682)	(48,104)
Cash paid to employees for services	(40,284)	(37,984)
Customer deposits received (refunded)	2,513	5,050
Net cash provided by operating activities	<u>81,719</u>	<u>69,780</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(51,742)	(59,162)
Net cash used by noncapital financing activities	<u>(51,742)</u>	<u>(59,162)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Financed purchase obligation principal payments	(33,318)	(32,464)
Interest and fiscal charges paid	(5,616)	(6,469)
Net cash used by capital and related financing activities	<u>(38,934)</u>	<u>(38,933)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends and interest earned	84	25
Net cash provided by investing activities	<u>84</u>	<u>25</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,873)	(28,290)
CASH AND EQUIVALENTS, beginning of year	<u>26,758</u>	<u>55,048</u>
CASH AND EQUIVALENTS, end of year	<u>\$ 17,885</u>	<u>\$ 26,758</u>
<i>Reconciliation of net income to net cash provided by operating activities:</i>		
OPERATING INCOME	<u>\$ 58,855</u>	<u>\$ 61,658</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivable	-	1,254
Depreciation	16,160	16,639
Decrease (increase) in operating assets:		
Accounts receivable	(2,297)	(2,237)
Pension related deferred outflows of resources	(6,039)	(1,903)
Increase (decrease) in operating liabilities:		
Accounts payable	4,588	(3,714)
Accrued salaries	372	139
Accrued leave benefits	67	775
Deposits for services	2,513	5,050
Net pension liability (benefit)	11,296	(18,549)
Pension related deferred inflows of resources	(3,796)	10,668
Total adjustments	<u>22,864</u>	<u>8,122</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 81,719</u>	<u>\$ 69,780</u>

OTHER REPORTS

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

Mayor and City Council
City of Brooklet, Georgia
Brooklet, 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, and each major fund of the City of Brooklet, Georgia as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Brooklet, 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 Brooklet, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Brooklet, 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 over financial reporting 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 questioned costs, we identified certain deficiencies in internal control over financial reporting 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 considered the deficiencies described in the accompany schedule of findings and questioned costs as Finding 2023-001 and Finding 2023-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2023-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Brooklet, 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 test disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding 2023-3.

City of Brooklet, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Brooklet, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Brooklet, 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 with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reddick, Riggs, Hunter and Colson, P. C.

Statesboro, Georgia
January 30, 2024

CITY OF BROOKLET, GEORGIA
Schedule of Findings and Questioned Costs
 June 30, 2023

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements noted?	Yes

Finding 2023 - 001:*

Criteria: A critical element of the City's internal controls over utility revenues and receivables is the adequate documentation of adjustments to customer accounts.

Condition: During our audit, we noted that formal documentation was not immediately available for all accounts tested. In addition, we noted several instances in which reconnect fees were adjusted using other adjustment codes, such as the code for residential water services.

Context: Of the twelve items selected for testing, inadequate documentation existed for three items. In all three instances, the only documentation was a note in the client billing record, with no supporting documentation.

Cause: It appears that the inadequate documents was due to a lack of understanding of the importance of this element.

Effect: Because the City has a small staff, and therefore little segregation of duties, failure to adequately document and approve utility adjustments puts the City at risk that accounts may be inappropriately adjusted to cover misappropriation of revenues.

Recommendation: We recommend that the City implement use of a standardized adjustment form for all account adjustments, with all relevant documentation for the adjustment attached or recorded on this worksheet. We also recommend that the council member who supervises the administrative office periodically review and approve such adjustments. We also recommend that the correct adjustment codes be utilized for such items as returned check fees and reconnect fees in order to correctly capture these items for management review.

Comments: Management concurs with the findings of the auditor. A standardized adjustment form has been adopted and will be used for all utility adjustments. These adjustment worksheets will be reviewed and approved by a member of City Council.

Schedule of Findings and Questioned Costs (continued)

Finding 2023 - 002:*

Criteria: An important control over expenditures is management’s review of budget to actual comparison reports to determine that spending is appropriate and authorized.

Condition: During the year ended June 30, 2023, it was noted that budget amounts for both revenues and expenditures in the City’s accounting system did not match the approved budget, nor the amended budget.

Context: Total expenditures on the City’s budget comparison for the general fund exceeded the amended budget by \$25,665.

Cause: It appears budgeted amounts were rolled forward from the previous year and were not adjusted to the approved amount.

Effect: The failure to accurately report budget to actual comparative information could cause management to overspend in areas based on inaccurate information.

Recommendation: We recommend that when the City adopts or amends its annual budget that all budgeted amounts in the accounting system be corrected to reflect the actual approved budget and that such numbers be adjusted again upon adoption of any budget amendments.

Comments: Management concurs with the findings of the auditors. A budget timeline was developed and implemented to better plan and prepare for the budget for the fiscal year ending June 30, 2025. The City Council will adopt a balanced budget by the end of June and it will be entered into the financial system at the start of the fiscal year ending June 30, 2025. Amendments will be completed as necessary and entered promptly into the financial system

Finding 2023 - 003:

Criteria: State law requires municipalities to annually adopt a balanced budget for the General Fund, special revenue funds and debt service funds. Once adopted, these budgets act as legal spending authorizations or appropriation limits.

Condition: During the year ended June 30, 2023, two departments within the General Fund exceeded appropriations.

Context: Total expenditures for the legislative department exceeded the budget by \$50, while total expenditures for the street department exceeded the budget by \$66,458.

Cause: It appears that management did not adequately project amounts to be accrued at year end when the City adopted its amended budget.

Effect: The failure to include all amounts to be accrued caused the City to exceed its approved appropriations.

Recommendation: We recommend that in future years the City consider outstanding amounts to be accrued or paid in adopting a budget and/or budget amendment. We also recommend that the City adopt a budget for the American Rescue Plan Fund as required by law.

Comments: Management concurs with the findings of the auditors. City Council will utilize the budget development timeline to better plan for replacement schedules, equipment life cycles and projected personnel costs to ensure the budget is adequate. Budget amendments will be completed to address any overages at the department level.

Schedule of Findings and Questioned Costs (continued)

Finding 2023 - 004:

Criteria: An important control over the disbursement of public funds includes the prompt payment of balances due, including taking advantage of discounts when available.

Condition: During our review of accounts payable as of June 30, 2023, we noted two instances in which late fees were incurred on recurring bills. We also noted one instance in which a bill was paid during the period in which the vendor offered a discount, but no discount was taken.

Context: The noted instances resulted in late fees of approximately \$88, and a missed discount of approximately \$31 for the particular check cycle examined.

Cause: It appears that the errors were due to oversight on the part of City personnel.

Effect: While the amounts noted are not material, consistent payment of late fees could result in cash flow deficiencies and overexpenditure of the City's budget.

Recommendation: We recommend that the City set up a monitoring system for its payables, particularly for recurring vendors, to ensure that all payments are made within the discount period and that discounts be taken when available, and that all bills be paid on a timely basis to avoid late charges.

Comments: Management concurs with the findings of the auditors. A rule will be enacted and sent to all vendors with explicit instructions for submitting invoices. The dedicated accounts payable email account will be set up to mail invoices. The assistant clerk will work to support the clerk in developing a monitoring process for accounts payable to ensure late fees are not paid.

CITY OF BROOKLET, GEORGIA
Schedule of SPLOST Expenditures
For the Year Ended June 30, 2023

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2019 SPLOST					
Recreational facilities and equipment	\$ 290,000	\$ 328,716	\$ 19,970	\$ Nil	\$ 19,970
Public safety facilities and equipment	172,000	194,964	190,248	65,310	255,558
Water capital projects	254,000	287,908	274,775	5,600	280,375
Total	<u>\$ 716,000</u>	<u>\$ 811,588</u>	<u>\$ 484,993</u>	<u>\$ 70,910</u>	<u>\$ 555,903</u>

CITY OF BROOKLET, GEORGIA
Schedule of Transportation SPLOST Expenditures
For the Year Ended June 30, 2023

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Estimated Cost</u>	<u>Prior Years (As Restated)</u>	<u>Current Year</u>	<u>Total</u>
Project					
Roads, streets and bridges	\$ 1,920,000	\$ 182,689	\$ 597,085	\$ 310,179	\$ 907,264
Equipment for street construction and maintenance		200,000	219,458	Nil	219,458
Drainage improvements	-	35,000	54,131	Nil	54,131
Other street improvements	-	Nil	8,500	Nil	8,500
Total	<u>\$ 1,920,000</u>	<u>\$ 417,689</u>	<u>\$ 879,174</u>	<u>\$ 310,179</u>	<u>\$ 1,189,353</u>