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

To the City Council  
City of Reidsville, 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 Reidsville, Georgia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Reidsville, Georgia's basic financial statements, and have issued our report thereon dated March 13, 2024.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Reidsville, 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 City of Reidsville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Reidsville, Georgia's internal control.

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

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below.

**2022-8 Improper use of SPLOST and T-SPLOST funds**

During our audit, we noted the City improperly used SPLOST and T-SPLOST funds for expenditures not allowed under state law for these funds.

City Response: We concur with this finding and will implement procedures to ensure that SPLOST and T-SPLOST funds are only used for allowable purposes and will reimburse these funds for the unallowable expenditures.

**City of Reidsville, Georgia's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Reidsville, Georgia's response to the findings identified in our audit described above. City of Reidsville, 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 the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lanier, Deal, Proctor + Blaser*

Statesboro, Georgia  
March 13, 2024

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described below as 2022-1 through 2022-6 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 below as 2022-7 to be a significant deficiency.

**2022-1 Transaction Posting**

We noted numerous transactions that were posted to incorrect general ledger accounts. We also noted that certain expenses that should be allocated to various departments were not properly allocated during the year ended June 30, 2022. This required additional time to research and adjusting journal entries were needed to properly state these transactions. The Financial Officer should ensure that all transactions are properly posted to the general ledger to accurately reflect the financial information of the City.

City Response: We concur with this finding and will implement procedures including timely bank reconciliations to ensure that all transactions are properly posted to the general ledger.

**2022-2 Payroll Liability Accounts**

During our audit we noted that payroll liability accounts are not being reviewed and reconciled on a periodic basis. Payroll liability accounts should be reviewed to ensure accuracy and completeness on a monthly or quarterly basis. We recommend the payroll clerk be responsible for this task and that the Financial Officer review the reconciliation of the payroll liability accounts on a periodic basis.

City Response: We concur with this finding, and we will implement procedures for the review and reconciliation of payroll liability accounts on at least a quarterly basis.

**2022-3 Recording of Year End Accruals for the Financial Statements**

The City's internal control procedures to ensure that all year-end accruals, such as receivables, accounts payable, prepaid items, and unearned revenue, are included in the financial statements are inadequate. Many of the adjusting journal entries needed to record these accruals were material to the City's financial statements.

City Response: We concur with this finding, and we will implement procedures to make sure all applicable accruals are included in the year-end financial statements.

**2022-4 Improve Controls over Financial Reporting**

An effective internal control system over financial reporting provides reasonable assurance that assets are safeguarded against loss and theft, and that reliable financial statements are prepared in accordance with the appropriate accounting standards and

in compliance with applicable laws and regulations. However, we noted that the City's financial statement closing process for the year ended June 30, 2022 was ineffective to meet these objectives. In fact, the City was unable to close its books and generate year-end reports in a timely manner. As a result, during the audit, there were significant delays in receiving requested audit documents and various schedules from City personnel. In addition, many of the supporting documents received were inadequate and necessitated further reconciliations and adjustments to the trial balance. We recommend the City implement financial closing procedures that would result in a timely close and preparation of financial statements. In addition, prior to the audit, the City should endeavor to reconcile and ensure the accuracy of all accounts included in the general ledger.

City Response: We concur with this finding and will implement procedures to improve the year-end financial reporting process and providing documentation needed for the audit process.

**2022-5 Grant Monitoring**

During our audit the City was unable to provide us with adequate documentation in a timely manner to support some grant revenues and expenditures. The City should designate an individual within the City to be responsible for monitoring grants and monitoring appropriate documentation for grant revenues and expenditures. This will ensure compliance standards are met for the grant award.

City Response: We concur with this finding and will designate someone within the City the responsibility of monitoring the City's grants.

**2022-6 Accounting for vehicle financing**

During our audit we noted new financing for \$103,421 for police vehicles that was not recorded in the City's financial statements. At the inception of new financing at the government fund reporting level, expenditures and other financing source called "issuance of debt" of an equal amount should be recorded.

City Response: We concur with this finding, and we will implement procedures to make sure that as new financing is obtained, a copy of the financing agreement is forwarded to the Financial Officer who will be responsible for recording the financing in the City's accounting records.

**2022-7 Budget Amendments**

As noted in Note 2 to the financial statements, expenditures exceeded appropriations at the legal level of control for some general fund departments.

City Response: The over expenditures were the result of not properly budgeting for certain expenditures and not properly amending the budget during the year. In the future, the City Clerk will be responsible for closely monitoring expenditures and requesting budget amendments as considered necessary.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Reidsville, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain

March 13, 2024

Lanier, Deal, Proctor & Bloser, CPAs  
P.O. Box 505  
Statesboro, Georgia 30459

This representation letter is provided in connection with your audit of the financial statements of the City of Reidsville, which comprise the respective financial position of the governmental activities, the business-type activities, and each major fund as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 13, 2024 the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 8, 2024 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.

- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

### **Information Provided**

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the City of Reidsville or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the City and involves—
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

### **Government-specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

- 24) The City has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 28) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 29) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 30) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 31) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 32) The financial statements properly classify all funds and activities in accordance with [GASB Statement No. 34](#) as amended.
- 33) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

- 42) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 45) With respect to the comparative fund financial statements and schedule of projects paid with SPLOST proceeds:
  - a) We acknowledge our responsibility for presenting the comparative fund financial statements and schedule of projects paid with SPLOST proceeds in accordance with accounting principles generally accepted in the United States of America, and we believe the comparative fund financial statements and schedule of projects paid with SPLOST proceeds, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the comparative fund financial statements and schedule of projects paid with SPLOST proceeds have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b) If the comparative fund financial statements and schedule of projects paid with SPLOST proceeds are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



**CITY OF REIDSVILLE, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Reidsville, Georgia, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the American Rescue Plan Act 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 Reidsville, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Reidsville, 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 Reidsville, Georgia's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions on pages 41 and 42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Reidsville, Georgia's basic financial statements. The accompanying comparative fund financial statements and schedule of projects paid with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative fund financial statements and the schedule of projects paid with special sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2024 on our consideration of the City of Reidsville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Reidsville, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Reidsville, Georgia's internal control over financial reporting and compliance.

*Lanier, Deal, Proctor + Blaser*

Statesboro, Georgia  
March 13, 2024

**CITY OF REIDSVILLE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 991,424	\$ 36,250	\$ 1,027,674
Receivables:			
Taxes	163,967	-	163,967
Accounts	50,269	122,050	172,319
Intergovernmental	242,465	-	242,465
Internal balances	799,741	(799,741)	-
Lease	30,439	-	30,439
Prepaid items	3,397	-	3,397
Restricted Assets:			
Cash and cash equivalents	-	275,370	275,370
Capital assets:			
Nondepreciable capital assets	622,471	410,942	1,033,413
Depreciable capital assets, net	3,306,997	2,787,235	6,094,232
<b>Total Assets</b>	<b>6,211,170</b>	<b>2,832,106</b>	<b>9,043,276</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Resources related to pensions	96,534	27,128	123,662
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	527,027	5,582	532,609
Accrued payroll liabilities	1,503	-	1,503
Customer deposits	-	78,771	78,771
Accrued interest payable	-	6,994	6,994
Unearned revenue	217,978	-	217,978
Compensated absences payable	3,585	2,158	5,742
Notes payable	101,812	-	101,812
Revenue bonds payable	-	136,117	136,117
Long-Term Liabilities:			
Compensated absences payable (net of current portion)	14,338	8,630	22,969
Net pension liability	66,970	2,467	69,437
Notes payable (net of current portion)	596,006	-	596,006
Revenue bonds payable (net of current portion)	-	2,700,271	2,700,271
<b>Total Liabilities</b>	<b>1,529,219</b>	<b>2,940,990</b>	<b>4,470,209</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Resources related to pensions	141,336	49,576	190,912
Lease related	30,441	-	30,441
	171,777	49,576	221,353
<b>NET POSITION</b>			
Net investment in capital assets	3,231,650	361,789	3,593,439
Restricted for:			
Debt service	-	275,370	275,370
Capital projects	301,427	-	301,427
Unrestricted	1,073,631	(768,491)	305,140
<b>Total Net Position</b>	<b>\$ 4,606,708</b>	<b>\$ (131,332)</b>	<b>\$ 4,475,376</b>

See accompanying notes to the basic financial statements.

**CITY OF REIDSVILLE, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Program/Function	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 393,557	\$ 112,181	\$ 29,466	-	\$ (251,910)		\$ (251,910)
Public safety	867,387	239,904	39,854	-	(587,629)		(587,629)
Streets	425,610	-	216,154	\$ 533,221	323,765		323,765
Sanitation	295,444	298,622	-	-	3,178		3,178
Recreation	174,944	43,462	19,931	-	(111,551)		(111,551)
Community services	10,535	-	-	-	(10,535)		(10,535)
Airport	204,057	-	-	171,365	(32,692)		(32,692)
Interest	27,278	-	-	-	(27,278)		(27,278)
<b>Total Governmental Activities</b>	<b>2,398,812</b>	<b>694,169</b>	<b>305,405</b>	<b>704,586</b>	<b>(694,652)</b>		<b>(694,652)</b>
<b>Business-Type Activities:</b>							
Water and Sewer	1,022,180	881,438	-	-	-	\$ (140,742)	(140,742)
<b>Total</b>	<b>\$ 3,420,992</b>	<b>\$ 1,575,607</b>	<b>\$ 305,405</b>	<b>\$ 704,586</b>	<b>(694,652)</b>	<b>(140,742)</b>	<b>(835,394)</b>
<b>General Revenues</b>							
Property taxes levied for:							
					312,952	-	312,952
					255,726	-	255,726
					217,637	-	217,637
					139,907	-	139,907
					205,296	-	205,296
					13,243	-	13,243
					527	142	669
					47,116	-	47,116
					<b>1,192,404</b>	<b>142</b>	<b>1,192,546</b>
					<b>(183,452)</b>	<b>183,452</b>	<b>-</b>
					<b>1,008,952</b>	<b>183,594</b>	<b>1,192,546</b>
					<b>314,300</b>	<b>42,852</b>	<b>357,152</b>
					<b>4,292,408</b>	<b>(174,184)</b>	<b>4,118,224</b>
					<b>\$ 4,606,708</b>	<b>\$ (131,332)</b>	<b>\$ 4,475,376</b>

See accompanying notes to the basic financial statements.

**CITY OF REIDSVILLE, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	General	American Rescue Plan Act Fund	Special Sales Tax Capital Projects Fund	T-SPLOST Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 472,584	\$ 217,978	\$ 259,138	\$ 41,724	\$ 991,424
Receivables:					
Taxes	163,967	-	-	-	163,967
Intergovernmental	-	-	43,001	199,464	242,465
Accounts	50,269	-	-	-	50,269
Lease	30,439	-	-	-	30,439
Due from other funds	846,759	-	-	42,698	889,457
Prepaid items	3,397	-	-	-	3,397
<b>TOTAL ASSETS</b>	<b><u>\$ 1,567,415</u></b>	<b><u>\$ 217,978</u></b>	<b><u>\$ 302,139</u></b>	<b><u>\$ 283,886</u></b>	<b><u>\$ 2,371,418</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 286,427	-	-	\$ 240,600	\$ 527,027
Accrued payroll liabilities	1,503	-	-	-	1,503
Unearned revenue	-	\$ 217,978	-	-	217,978
Due to other funds	42,698	-	\$ 47,018	-	89,716
<b>TOTAL LIABILITIES</b>	<b><u>330,628</u></b>	<b><u>217,978</u></b>	<b><u>47,018</u></b>	<b><u>240,600</u></b>	<b><u>836,224</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	122,221	-	-	-	122,221
Lease related	30,441	-	-	-	30,441
	<u>152,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,662</u>
<b>FUND BALANCES</b>					
Nonspendable	3,397	-	-	-	3,397
Restricted	3,020	-	255,121	43,286	301,427
Assigned	158,008	-	-	-	158,008
Unassigned	919,700	-	-	-	919,700
<b>TOTAL FUND BALANCES</b>	<b><u>1,084,125</u></b>	<b><u>-</u></b>	<b><u>255,121</u></b>	<b><u>43,286</u></b>	<b><u>1,382,532</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 1,567,415</u></b>	<b><u>\$ 217,978</u></b>	<b><u>\$ 302,139</u></b>	<b><u>\$ 283,886</u></b>	<b><u>\$ 2,371,418</u></b>

See accompanying notes to the basic financial statements.



**CITY OF REIDSVILLE, GEORGIA**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

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

Total Governmental Fund Balances		\$ 1,382,532
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Cost	\$ 8,490,019	
Less accumulated depreciation	<u>(4,560,551)</u>	3,929,468
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds:		
Property taxes		122,221
The City's net pension obligation is not reported in the governmental funds but is in the statement of net position.		(66,970)
Deferred outflows and deferred inflows related to pensions are not reported in the governmental funds:		
Deferred outflows of resources	96,534	
Deferred inflows of resources	<u>(141,336)</u>	(44,802)
Liabilities, including notes payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net position:		
Notes payable	(697,818)	
Compensated absences	<u>(17,923)</u>	<u>(715,741)</u>
<b>Net Position Of Governmental Activities</b>		<b><u>\$ 4,606,708</u></b>

See accompanying notes to the basic financial statements.

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

	General	American Rescue Plan Act	Special Sales Tax Capital Projects Fund	T-SPLOST Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 1,109,837	-	-	-	\$ 1,109,837
Licenses and permits	108,821	-	-	-	108,821
Intergovernmental	200,878	\$ 275,892	\$ 245,549	\$ 287,586	1,009,905
Charges for services	455,443	-	-	-	455,443
Fines and forfeitures	129,905	-	-	-	129,905
Interest	527	-	86	-	613
Other	47,116	-	-	-	47,116
Total revenues	<u>2,052,527</u>	<u>275,892</u>	<u>245,635</u>	<u>287,586</u>	<u>2,861,640</u>
<b>EXPENDITURES</b>					
Current:					
General government	322,143	29,466	-	-	351,609
Public safety	775,267	30,272	-	-	805,539
Streets	262,687	6,000	-	-	268,687
Sanitation	295,444	-	-	-	295,444
Recreation	147,679	-	-	-	147,679
Community services	10,535	-	-	-	10,535
Airport	164,219	-	-	-	164,219
Capital outlay	-	-	219,086	436,044	655,130
Debt service:					
Principal	79,949	-	61,718	-	141,667
Interest	22,543	-	4,735	-	27,278
Total expenditures	<u>2,080,466</u>	<u>65,738</u>	<u>285,539</u>	<u>436,044</u>	<u>2,867,787</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(27,939)</u>	<u>210,154</u>	<u>(39,904)</u>	<u>(148,458)</u>	<u>(6,147)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	103,420	-	103,420
Transfers in	50,000	-	-	-	50,000
Transfers out	-	(210,154)	-	(23,298)	(233,452)
Sale of capital assets	13,476	-	-	-	13,476
Total other financing sources (uses)	<u>63,476</u>	<u>(210,154)</u>	<u>103,420</u>	<u>(23,298)</u>	<u>(66,556)</u>
<b>NET CHANGE IN FUND BALANCES</b>	35,537	-	63,516	(171,756)	(72,703)
<b>FUND BALANCES, JULY 1, 2021</b>	<u>1,048,588</u>	<u>-</u>	<u>191,605</u>	<u>215,042</u>	<u>1,455,235</u>
<b>FUND BALANCES, JUNE 30, 2022</b>	<u>\$ 1,084,125</u>	<u>\$ -</u>	<u>\$ 255,121</u>	<u>\$ 43,286</u>	<u>\$ 1,382,532</u>

See accompanying notes to the basic financial statements.

**CITY OF REIDSVILLE, GEORGIA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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

Net Changes In Fund Balances - Total Governmental Funds \$ (72,703)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.

	Depreciation expense	\$ (375,256)	
	Capital outlay	619,588	244,332

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

Property taxes:			
	Unavailable revenue @ 6/30/22	122,221	
	Unavailable revenue @ 6/30/21	(100,540)	21,681

Other financing sources from the issuance of debt are reported on the fund level operating statement but are reported as a liability on the government-wide financial statements. (103,420)

Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities. (233)

Repayment of principal on notes payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 141,667

The change in the net pension liability and pension related deferred outflows and deferred inflows is reported on the government-wide statement of activities but not in the governmental funds. 81,063

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

	Liability @ 6/30/22	(17,923)	
	Liability @ 6/30/21	19,836	1,913

**Change In Net Position of Governmental Activities \$ 314,300**

See accompanying notes to the basic financial statements.

**CITY OF REIDSVILLE, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 323,085	\$ 291,271	\$ (31,814)
Sales	180,000	255,726	75,726
Franchise	165,000	139,907	(25,093)
Insurance premium	150,000	217,637	67,637
Alcoholic beverage	95,000	85,902	(9,098)
Other	105,000	119,394	14,394
Licenses and permits	110,000	108,821	(1,179)
Intergovernmental	50,000	200,878	150,878
Charges for services	331,750	455,443	123,693
Fines and forfeitures	117,500	129,905	12,405
Interest	1,000	527	(473)
Other	149,600	47,116	(102,484)
Total revenues	<u>1,777,935</u>	<u>2,052,527</u>	<u>274,592</u>
<b>EXPENDITURES</b>			
Current:			
General government	256,700	322,143	(65,443)
Public safety:			
Police	729,447	664,179	65,268
Fire	89,422	111,088	(21,666)
Streets	384,906	262,687	122,219
Sanitation	250,000	295,444	(45,444)
Recreation	89,060	147,679	(58,619)
Community services	13,380	10,535	2,845
Airport	4,100	164,219	(160,119)
Debt service:			
Principal	26,135	79,949	(53,814)
Interest	9,085	22,543	(13,458)
Total expenditures	<u>1,852,235</u>	<u>2,080,466</u>	<u>(228,231)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(74,300)</u>	<u>(27,939)</u>	<u>46,361</u>
<b>OTHER FINANCING SOURCES</b>			
Sale of capital assets	-	13,476	13,476
Transfers in	-	50,000	50,000
Total other financing sources	<u>-</u>	<u>63,476</u>	<u>63,476</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(74,300)</u>	<u>35,537</u>	<u>109,837</u>
<b>FUND BALANCE, JULY 1, 2021</b>	<u>1,048,588</u>	<u>1,048,588</u>	<u>-</u>
<b>FUND BALANCE, JUNE 30, 2022</b>	<u>\$ 974,288</u>	<u>\$ 1,084,125</u>	<u>\$ 109,837</u>

See accompanying notes to the basic financial statements.

**CITY OF REIDSVILLE, GEORGIA**  
**AMERICAN RESCUE PLAN ACT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 493,870	\$ 275,892	\$ (217,978)
<b>EXPENDITURES</b>			
Current:			
General government	-	29,466	(29,466)
Public safety:			
Police	-	15,500	(15,500)
Fire	-	14,772	(14,772)
Streets	-	6,000	(6,000)
Total expenditures	-	65,738	(65,738)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	493,870	210,154	(283,716)
<b>OTHER FINANCING SOURCES</b>			
Transfers out	(493,870)	(210,154)	283,716
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
<b>FUND BALANCE, JULY 1, 2021</b>	-	-	-
<b>FUND BALANCE, JUNE 30, 2022</b>	\$ -	\$ -	\$ -

See accompanying notes to the basic financial statements.

**CITY OF REIDSVILLE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**WATER AND SEWER FUND**  
**JUNE 30, 2022**

<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 36,250
Accounts receivable	122,050
Total Current Assets	<u>158,300</u>
Noncurrent Assets	
Restricted Assets - Cash and cash equivalents	<u>275,370</u>
Capital Assets	
Land	410,942
Buildings	48,609
Water and sewer system	11,778,594
Machinery and equipment	423,362
Less accumulated depreciation	<u>(9,463,330)</u>
Total Capital Assets	<u>3,198,177</u>
Total Noncurrent Assets	<u>3,473,547</u>
Total Assets	<u>3,631,847</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Resources related to pensions	<u>27,128</u>
 LIABILITIES	
Current Liabilities	
Accounts payable	5,582
Accrued interest payable	6,994
Customer deposits	78,771
Compensated absences payable - Current	2,158
Revenue bonds payable - Current	136,117
Due to general fund	799,741
Total Current Liabilities	<u>1,029,362</u>
Long-term Liabilities	
Compensated absences payable (net of current portion)	8,630
Net pension liability	2,467
Revenue bonds payable (net of current portion)	<u>2,700,271</u>
Total Long-term Liabilities	<u>2,711,369</u>
Total Liabilities	<u>3,740,731</u>
 DEFERRED INFLOWS OF RESOURCES	
Resources related to pensions	<u>49,576</u>
 NET POSITION	
Net investment in capital assets	361,789
Restricted for debt service	275,370
Unrestricted	<u>(768,491)</u>
Total Net Position	<u>\$ (131,332)</u>

See accompanying notes to the basic financial statements.

**CITY OF REIDSVILLE, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**WATER AND SEWER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>OPERATING REVENUES</b>	
Water and sewer sales	\$ 850,900
Tap and connection fees	8,317
Late charges	20,495
Other income	1,726
Total operating revenues	881,438
 <b>OPERATING EXPENSES</b>	
Salaries	187,291
Payroll taxes	14,098
Employee benefits/Uniforms	44,562
Utilities	75,667
Postage	5,112
Computer support	9,381
Contracted services	21,910
Chemicals	2,131
Advertising	164
Professional services	37,618
Insurance	11,633
Materials and supplies	24,095
Gasoline, oil, etc.	39,770
Repairs and maintenance	56,053
Equipment rental	30,494
Depreciation	303,277
Bad debts	12,067
Other	2,015
Total operating expenses	877,338
 <b>OPERATING INCOME</b>	 4,100
 <b>NONOPERATING REVENUE (EXPENSE)</b>	
Interest income	142
Interest expense	(144,842)
Total nonoperating revenue (expense)	(144,700)
 <b>LOSS BEFORE TRANSFERS</b>	 (140,600)
 <b>TRANSFERS IN</b>	 183,452
 <b>CHANGE IN NET POSITION</b>	 42,852
 <b>NET POSITION, JULY 1, 2021</b>	 (174,184)
 <b>NET POSITION, JUNE 30, 2022</b>	 \$ (131,332)

See accompanying notes to the basic financial statements.

**CITY OF REIDSVILLE, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**WATER AND SEWER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 832,988
Cash payments to employees for salaries and benefits	(276,081)
Cash payments for goods and services	(339,967)
Net cash provided by operating activities	<u>216,940</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Advances from (to) other funds	(61,432)
Transfers in	100,129
Net cash provided by noncapital financing activities	<u>38,697</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(64,525)
Transfers in for capital projects	83,323
Principal payments on revenue bonds payable	(129,568)
Interest payments	(145,161)
Net cash used by capital and related financing activities	<u>(255,931)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>142</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(152)</b>
<b>CASH AND CASH EQUIVALENTS, JULY 1, 2021</b>	<b><u>311,772</u></b>
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2022</b>	<b><u>\$ 311,620</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 4,100
Adjustments:	
Depreciation	303,277
(Increase) decrease in operating assets and deferred outflows of resources:	
Accounts receivable	(32,823)
Deferred outflows related to pensions	(6,903)
Increase (decrease) in operating liabilities and deferred inflows of resources:	
Accounts payable	(11,857)
Customer deposits	(15,627)
Compensated absences payable	(1,189)
Net pension liability	(67,306)
Deferred inflows related to pensions	45,268
Net cash provided by operating activities	<u>\$ 216,940</u>

See accompanying notes to the basic financial statements.



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

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The City of Reidsville was chartered by an act of the General Assembly of the State of Georgia. The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, recreation, planning and zoning, community development, and general administrative services. In addition, the City operates a water and sewer system.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

**1-A. Reporting Entity**

The City has no potential component units that should be considered for inclusion in the reporting entity.

Related Organizations

The Housing Authority of the City of Reidsville, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed by the City of Reidsville, Georgia. The City of Reidsville, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Reidsville, Georgia is a related organization and is excluded from the reporting entity.

**1-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 include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, grants and the City's general revenues, from business-type activities, generally financed in whole or part with service charges to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City.

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The 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 City does not allocate indirect expenses to functions in the statement of activities.

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 investment 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. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

**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 this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental funds are reported in separate columns.

**Fund Accounting** – The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

**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.

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The following are the City's major governmental funds:

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

***Special Sales Tax Capital Projects Fund*** – This fund accounts for the special purpose local option sales tax collected pursuant to a referendum for various capital improvements within the City.

***T-SPLOST Capital Projects Fund*** – This fund accounts for the regional transportation special purpose local option sales tax proceeds received for transportation purposes within the County.

***American Rescue Plan Act*** – This fund accounts for all Local Fiscal Recovery funds received by the City through the American Rescue Plan Act of 2021.

**Proprietary Funds** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The City's only major enterprise fund is the water and sewer fund which accounts for the water and sewer provided to the City's constituents.

**1-C. Measurement Focus**

**Government-wide Financial Statements** – The government-wide financial 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 generally are included on the balance sheet. The statement 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 reconciliation 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 position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1-D. Basis of Accounting**

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

**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 fiscal 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. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

**Revenues – Non-exchange Transactions** – Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is 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 within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

**Expenses/Expenditures** – On the accrual basis of accounting, expenses are recognized at the time they are incurred. 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.

**1-E. Assets, Liabilities and Net Position**

**Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in demand deposits and certificates of deposit as well as short-term investments with a maturity date within three months of the date acquired by the City.

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City 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 United States Government or United States Government agency
- Obligations of any corporation of the United States 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

**Receivables**

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

**Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from/to other funds." These amounts are eliminated in the governmental and business-type activities columns on the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances on this statement. These amounts are ultimately eliminated from the total column on the statement of net position.

**Consumable Inventories**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable since this amount is not available for general appropriation.

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Restricted Assets – Cash and Cash Equivalents**

Restricted cash includes amounts set aside to meet the requirements of applicable bond covenants of the water and sewer revenue bonds.

**Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in governmental funds. 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 City fund financial statements. Capital assets utilized by the proprietary fund are reported in the business-type activities column of the government-wide statement of net position and in the proprietary fund's statement of net position.

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 fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. The City's infrastructure consists of roads, bridges and water and sewer lines. For roads and bridges, the City will only capitalize infrastructure constructed after June 30, 2003. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land, right-of-ways 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 useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	15 - 30 years
Improvements other than buildings	15 - 30 years
Machinery and equipment	5 - 10 years
Water and sewer system	25 - 40 years
Infrastructure	15 - 25 years

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund reports the total compensated liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "*when due.*"

**Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of those funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

**Bond Premiums, Discounts and Issuance Costs**

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are amortized over the life of the bonds using the effective interest method and bond issuance costs are expensed in the current period.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is resources related to pensions reported at the government-wide level for governmental and business-type activities and at the fund level for enterprise funds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City reports deferred amounts related to leases at the fund level and government-wide level financial statements for governmental and business-type activities. The City also has deferred inflows of resources related to its pension plan reported at the government-wide level for governmental and business-type activities and at the fund level for its proprietary fund.

**Fund Equity**

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

**Fund Balance** – Generally, fund balance represents the difference between the 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 or regulations of other governments.

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

***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City Council’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Clerk to assign fund balances.



**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

**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 when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

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

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for water and sewer. Operating expenses are necessary costs incurred to provide the water and sewer services and includes administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

**Interfund Activity**

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 non-operating revenues/expenses section in proprietary funds. Repayment

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

from funds responsible for particular 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 governmental and business-type activities are eliminated from the total column.

**Leases**

**Lessee** - The City of Reidsville recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements for noncancellable leases of equipment. The City of Reidsville recognizes lease liabilities with an initial individual value of \$15,000 or more.

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

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

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

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

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

The City of Reidsville had no lease liabilities or right-to-use leased assets to report at June 30, 2022.

**Lessor** - The City of Reidsville is a lessor for a noncancellable lease of property. The City of Reidsville recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund level financial statements.

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

At the commencement of a lease, the City of Reidsville initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City of Reidsville determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City of Reidsville uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

**Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Comparative Data**

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the 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.

**Implementation of GASB 87**

The City has implemented GASB Statement 87, "Leases." The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

The City adopts an annual operating budget for the general fund and the capital projects funds. The budget resolution reflects the total of each department’s appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

All unexpended annual appropriations lapse at year-end.

**Excess of Expenditures over Appropriations**

For the year ended June 30, 2022, expenditures exceeded appropriations for the following departments within the general fund:

General government	\$	65,443
Fire		21,666
Sanitation		45,444
Recreation		58,619
Airport		160,119
Debt service		67,272

These overexpenditures were funded primarily by excess revenues and other financing sources over amounts budgeted.

Expenditures exceeded appropriations by \$65,738 for the American Rescue Plan Act special revenue fund which were funded by under expenditures for transfers out.

**NOTE 3 – CASH DEPOSITS**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk.

At June 30, 2022, the carrying amount of the City’s deposits (checking and certificates of deposit) was \$1,303,044 and the bank balance was \$1,383,015. Of the bank balance, \$500,685 was covered by federal depository insurance, and \$882,330 was collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 4 – PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed on or about October 20<sup>th</sup> of each year and are payable within sixty days. The City bills and collects its own property taxes. Property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended June 30, 2022, property taxes were levied on December 1, 2021, and were due February 15, 2022.

**NOTE 5 – RECEIVABLES**

Receivables at June 30, 2022, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Receivables are recorded on the City’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability. The allowance for uncollectible accounts netted against receivables at June 30, 2022 for the water and sewer fund totaled \$60,000 and \$74,000 for the general fund.

**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 799,741
T-SPLOST Fund	General Fund	42,698
General Fund	Special Sales Tax Fund	47,018
		<u>\$ 889,457</u>

Interfund balances at June 30, 2022 represent charges for services or reimbursable expenses. The City expects to repay all interfund balances within one year.

For the year ended June 30, 2022, the TSPLOST fund transferred \$23,298 to the water and sewer fund for water and sewer improvements.

For the year ended June 30, 2022, the American Rescue Plan Act fund transferred \$160,154 to the water and sewer fund for operations and \$50,000 to the general fund for operations.

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 7 – FUND BALANCES – GOVERNMENTAL FUNDS**

As of June 30, 2022, fund balances are composed of the following:

	<u>General Fund</u>	<u>Special Sales Tax Capital Projects Fund</u>	<u>T-SPLOST Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid items	\$ 3,397	-	-	\$ 3,397
Restricted:				
Road projects	-	-	\$ 43,286	43,286
Recreation	3,020			3,020
Capital projects	-	\$ 255,121	-	255,121
Assigned:				
Fire department	108,922	-	-	108,922
Recreation	30,923	-	-	30,923
Police	18,163	-	-	18,163
Unassigned	919,700	-	-	919,700
Total fund balances	<u>\$ 1,084,125</u>	<u>\$ 255,121</u>	<u>\$ 43,286</u>	<u>\$ 1,382,532</u>

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance 7/1/2021	Additions	Deductions	Balance 6/30/2022
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 335,058	-	-	\$ 335,058
Construction in progress	26,595	\$ 260,818	-	287,413
Total capital assets not being depreciated:	<u>361,653</u>	<u>260,818</u>	<u>-</u>	<u>622,471</u>
Capital assets being depreciated:				
Buildings	1,493,564	-	-	1,493,564
Improvements other than buildings	2,121,683	-	-	2,121,683
Machinery and equipment	2,268,103	123,981	\$ 73,132	2,318,952
Infrastructure	1,698,560	234,789	-	1,933,349
Total capital assets being depreciated	<u>7,581,910</u>	<u>358,770</u>	<u>73,132</u>	<u>7,867,548</u>
Total capital assets	<u>7,943,563</u>	<u>619,588</u>	<u>73,132</u>	<u>8,490,019</u>
Accumulated depreciation:				
Buildings	952,405	44,923	-	997,328
Improvements other than buildings	1,268,016	62,253	-	1,330,269
Machinery and equipment	1,495,148	183,152	72,899	1,605,401
Infrastructure	542,625	84,928	-	627,553
Total accumulated depreciation	<u>4,258,194</u>	<u>375,256</u>	<u>72,899</u>	<u>4,560,551</u>
Governmental activities capital assets, net	<u>\$ 3,685,369</u>	<u>\$ 244,332</u>	<u>\$ 233</u>	<u>\$ 3,929,468</u>

Governmental activities depreciation expense:

General government	\$ 48,610
Public safety	116,501
Streets	149,109
Recreation	27,098
Airport	<u>33,938</u>
Total governmental activities depreciation expense	<u>\$ 375,256</u>

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 – CAPITAL ASSETS (Continued)**

The following table presents the changes in capital assets for the City’s enterprise fund:

	Balance 7/1/2021	Additions	Deductions	Balance 6/30/2022
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 410,942	-	-	\$ 410,942
Total capital assets not being depreciated	410,942	-	-	410,942
Capital assets being depreciated:				
Water and sewer system	11,773,094	\$ 5,500	-	11,778,594
Buildings	48,609	-	-	48,609
Machinery and equipment	364,337	59,025	-	423,362
Total capital assets being depreciated	12,186,040	64,525	-	12,250,565
Total capital assets	12,596,982	64,525	-	12,661,507
Accumulated depreciation:				
Water and sewer system	8,800,975	287,780	-	9,088,755
Buildings	34,375	1,193	-	35,568
Machinery and equipment	324,703	14,304	-	339,007
Total accumulated depreciation	9,160,053	303,277	-	9,463,330
Business-type activities capital assets, net	\$ 3,436,929	\$ (238,752)	\$ -	\$ 3,198,177

**NOTE 9 – LEASES**

**City as Lessor**

The City, as lessor, has entered into lease agreements involving property. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows recognized during the fiscal year was \$15,600.

The future principal and interest payments expected to maturity are as follows:

Fiscal year	Governmental Activities		
	Principal	Interest	Total
2023	\$ 15,068	\$ 534	\$ 15,602
2024	15,371	231	15,602
	\$ 30,439	\$ 765	\$ 31,204



**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 10 – WATER AND SEWER REVENUE BONDS**

Series 1996

In 1997, the City issued \$4,739,800 in City of Reidsville Water and Sewer Revenue Bonds, Series 1996. The bonds were issued to provide funds for upgrading its water and sewer system.

Deposits in the sinking fund are to be made as follows:

There shall be paid from the revenue fund into the debt service account the monthly installment of principal and interest coming due on the bonds.

There shall be paid from the revenue fund into the reserve account an amount equal to 10 percent of said monthly installment of principal and interest coming due on the bonds. Said monthly deposits shall continue to be made until there is established and maintained a debt service reserve sufficient to pay the principal and interest due on the bonds in the next succeeding sinking fund year.

The revenue bonds are due in monthly installments of \$22,894, including interest at 5 percent, from April, 1997 through December, 2036.

As of June 30, 2022, annual debt service requirements for the series 1996 revenue bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 136,117	\$ 138,611	\$ 274,728
2024	143,081	131,647	274,728
2025	150,402	124,326	274,728
2026	158,096	116,632	274,728
2027	166,185	108,543	274,728
2028-2032	967,500	406,140	1,373,640
2033-2037	1,115,007	133,187	1,248,194
	<u>\$ 2,836,388</u>	<u>\$ 1,159,086</u>	<u>\$ 3,995,474</u>

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 11 – NOTES PAYABLE**

**Governmental Activities**

Certain financing arrangements previously known as capital leases are no longer classified as leases under the new definition of a lease under GASB Statement 87. These agreements are financed purchases because they result in the transfer of ownership of the asset, and they are therefore accounted for as notes payable. The City had some agreements that were identified as capital leases in the previous year but are shown as notes payable in the current year.

Notes payable at June 30, 2022 consisted of the following:

	<u>Governmental Activities</u>
Note payable to Georgia Municipal Association (GMA) for the purchase of the new city hall building, assigned to Sharon Cheney, payable in monthly installments of \$2,935, including interest at 3% through December 1, 2030	\$ 261,681
Note payable to Ford Municipal Finance for police vehicles, payable in annual installments of \$23,306, including interest at 6.35% through October 26, 2025	80,114
Note payable to Community First National Bank for a fire tanker vehicle, payable in annual installments of \$24,547, including interest at 3.10% through September 10, 2035	274,585
Note payable to Tymco, Inc. for a street sweeper, payable in annual installments of \$43,147, including interest at 3.95% through December 1, 2023	<u>81,438</u>
	<u><u>\$ 697,818</u></u>

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 11 – NOTES PAYABLE (Continued)**

As of June 30, 2022, annual debt service requirements to maturity are as follows:

Year ending June 30	Governmental Activities		
	Principal	Interest	Total
2023	\$ 101,812	\$ 24,408	\$ 126,220
2024	105,891	20,330	126,220
2025	66,999	16,074	83,072
2026	69,735	13,337	83,072
2027	49,294	10,473	59,767
2028-2032	213,153	29,917	243,070
2033-2036	90,934	7,255	98,189
	<u>\$ 697,818</u>	<u>\$ 121,793</u>	<u>\$ 819,611</u>

**NOTE 12 – CHANGES IN LONG-TERM DEBT**

	Outstanding July 1, 2021, as restated	Additions	Reductions	Outstanding June 30, 2022	Amounts Due in One Year
<b>Governmental Activities</b>					
Compensated absences	\$ 19,836	-	\$ 1,913	\$ 17,923	\$ 3,585
Notes payable	<u>736,065</u>	<u>\$ 103,420</u>	<u>141,667</u>	<u>697,818</u>	<u>101,812</u>
<b>Total Governmental Activities</b>	<u>\$ 755,901</u>	<u>\$ 103,420</u>	<u>\$ 143,580</u>	<u>\$ 715,741</u>	<u>\$ 105,397</u>
<b>Business-Type Activities</b>					
Compensated absences	\$ 11,977	-	\$ 1,189	\$ 10,788	\$ 2,158
Revenue bonds payable	<u>2,965,956</u>	<u>-</u>	<u>129,568</u>	<u>2,836,388</u>	<u>136,117</u>
<b>Total Business-Type Activities</b>	<u>\$ 2,977,933</u>	<u>\$ -</u>	<u>\$ 130,757</u>	<u>\$ 2,847,176</u>	<u>\$ 138,275</u>

The notes payable will be paid from the General Fund and Special Sales Tax Capital Projects Fund for governmental activities. The compensated absences liability will be paid from the General Fund for governmental activities and from the Water and Sewer Fund for business-type activities. Principal and interest payments related to revenue bonds payable for the City's Water and Sewer System are financed from income derived from the operation of the Water and Sewer System.

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 13 – EMPLOYEE RETIREMENT PLAN**

Plan Description

The City's defined benefit pension plan, the City of Reidsville Retirement Plan (the "Plan"), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Benefits Provided

The Plan provides retirement benefits to eligible employees of the City. All regular employees meeting the eligibility requirements are covered under the plan. Municipal legal officers are not eligible to participate in the plan. In order to be eligible for participation, regular employees must work a minimum of twenty hours per week for at least five months per year. Regular employees are required to complete one year of continuous, uninterrupted service with the City to qualify for participation in the plan. Participation is mandatory for all eligible employees.

Plan participants are eligible to receive early retirement benefits at the age of fifty-five with the completion of ten years of total credited service. Normal retirement benefits may be received at the age of sixty-five with five years of total credited service.

Normal retirement benefits are calculated based on a flat percentage of 1.25 percent of final average earnings multiplied by years of total credited service as an eligible regular employee. The number of years of total credited service which may be used to calculate the benefit is not limited. Monthly benefits are paid at 1/12<sup>th</sup> of the calculated amount. The same formula is used for all participants who are regular employees. Final average earnings are the annual average of earnings paid to a participant by the City for the five consecutive years of credited service preceding the participant's most recent termination in which the participant's earnings were the highest. All elected or appointed members of the governing authority eligible to participate will receive \$11 per month of each year of total credited service.

Final average earnings for participants electing to receive early retirement benefits are reduced by a percentage ranging from 6.7 percent to 50 percent depending on the number of years benefits are received prior to normal retirement age.

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)**

Disability retirement benefits shall be computed in the same manner as the normal retirement benefit, based upon the participant’s accrued benefit as of his disability retirement date. The minimum disability benefit will be no less than 20% of the participant’s average monthly earnings for the twelve calendar month period immediately preceding his termination of employment as a result of a disability.

In-service death benefits are payable to the participant’s pre-retirement beneficiary, equal to the decreased monthly retirement benefit that would have otherwise been payable to the participant, had he elected a 100% joint and survivor benefit under the plan. In order to be eligible for this benefit, a participant must have 10 years of total credited service. Terminated vested death benefits are payable to the participant’s pre-retirement beneficiary, equal to the decreased monthly retirement benefit that would have otherwise been payable to the participant had he elected a 100% joint and survivor benefit under the plan.

Employees Covered by Benefit Terms

At January 1, 2022, the most recent actuarial valuation, there were 47 participants as follows:

Active participants	18
Retirees and beneficiaries	15
Vested former employees	14
	<hr/>
	47
	<hr/>

Contributions

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is \$42,320. This minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards.

Net Pension Liability

The City’s net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions

The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)**

Inflation	2.25 percent
Salary increases	2.25 percent, average, including inflation
Investment rate of return	7.375 percent, net of pension plan investment expenses, including inflation

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

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to June 30, 2019.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.55%
International equity	20%	7.30%
Global fixed income	5%	0.50%
Domestic fixed income	20%	0.40%
Real estate	10%	3.65%
	<u>100%</u>	

Discount Rate

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

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)**

Changes in the Net Pension Liability

	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability</u> <u>(c) = (a)-(b)</u>
Balance, September 30, 2020	\$ 1,341,495	\$ 1,016,230	\$ 325,265
Changes for the year:			
Service cost	20,890	-	20,890
Interest	97,773	-	97,773
Contributions from the employer	-	57,877	(57,877)
Net investment income	-	245,540	(245,540)
Difference between expected and actual experience	(78,735)	-	(78,735)
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(73,297)	(73,297)	-
Administrative expenses	-	(7,661)	7,661
Other changes	-	-	-
Net Changes	<u>(33,369)</u>	<u>222,459</u>	<u>(255,828)</u>
Balance, September 30, 2021	<u>\$ 1,308,126</u>	<u>\$ 1,238,689</u>	<u>\$ 69,437</u>

Sensitivity of the net pension liability to changes in the discount rate

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

	<u>Discount Rate - 1%</u> <u>(6.375%)</u>	<u>Current Discount Rate</u> <u>(7.375%)</u>	<u>Discount Rate + 1%</u> <u>(8.375%)</u>
City's net pension liability	\$ 220,516	\$ 69,437	\$ (58,667)

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

For the year ended June 30, 2022, the City recognized pension expense of \$5,791. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions after measurement date	\$ 86,856	-
Differences in expected and actual experience	36,806	\$ (52,490)
Effects of changes in assumptions	-	(1,564)
Net differences between projected and actual net investment income	-	(136,858)
	<u>\$ 123,662</u>	<u>\$ (190,912)</u>

City contributions subsequent to the measurement date of \$86,856 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	
2023	\$ (30,354)
2024	(50,820)
2025	(38,643)
2026	<u>(34,289)</u>
	<u>\$ (154,106)</u>

**NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES**

As of June 30, 2022, there was no pending litigation that would have a material effect on the financial statements.

**NOTE 15 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation claims; and natural disasters. The City is a member of the Georgia Interlocal Risk Management Agency. This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in



**CITY OF REIDSVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 15 – RISK MANAGEMENT (Continued)**

the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Reidsville retains the first \$1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the \$1,000 deductible.

There have been no settlements exceeding insurance coverage for each of the past three years.

**NOTE 16 – JOINT VENTURE**

Under Georgia law, the City, in conjunction with other cities and counties in the seventeen county East Middle Georgia area, is a member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During the year ended June 30, 2022, the City paid \$2,594 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-33 which provides for the organizational structure of the RC in Georgia. The RC Regional Council membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Commission  
5405 Oak Street  
Eastman, Georgia 31023

**NOTE 17 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 13, 2024 the date that the financial statements were available for issue.

**CITY OF REIDSVILLE, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**CITY OF REIDSVILLE RETIREMENT PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
<b>Total pension liability</b>								
Service cost	\$ 20,890	\$ 21,068	\$ 21,947	\$ 15,864	\$ 18,785	\$ 17,307	\$ 20,509	\$ 17,991
Interest	97,773	93,487	85,175	83,301	85,186	81,851	78,204	75,587
Differences between expected and actual experience	(78,735)	20,499	106,225	(17,837)	(70,975)	228	7,260	4,783
Changes of assumptions	-	-	(6,256)	-	18,183	-	-	(3,788)
Benefit payments, including refunds of employee contributions	(73,297)	(80,227)	(68,281)	(56,568)	(54,509)	(58,212)	(59,602)	(62,020)
<b>Net change in total pension liability</b>	<u>(33,369)</u>	<u>54,827</u>	<u>138,810</u>	<u>24,760</u>	<u>(3,330)</u>	<u>41,174</u>	<u>46,371</u>	<u>32,553</u>
<b>Total pension liability-beginning</b>	<u>1,341,495</u>	<u>1,286,668</u>	<u>1,147,858</u>	<u>1,123,098</u>	<u>1,126,428</u>	<u>1,085,254</u>	<u>1,038,883</u>	<u>1,006,330</u>
<b>Total pension liability-ending (a)</b>	<u>\$ 1,308,126</u>	<u>\$ 1,341,495</u>	<u>\$ 1,286,668</u>	<u>\$ 1,147,858</u>	<u>\$ 1,123,098</u>	<u>\$ 1,126,428</u>	<u>\$ 1,085,254</u>	<u>\$ 1,038,883</u>
<b>Plan fiduciary net position</b>								
Contributions-employer	\$ 57,877	\$ 23,486	\$ 39,183	\$ 48,294	\$ 63,798	\$ 47,660	\$ 48,536	\$ 53,380
Net investment income	245,540	92,278	28,600	91,060	120,091	81,419	8,796	76,577
Benefit payments, including refunds of employee contributions	(73,297)	(80,227)	(68,281)	(56,568)	(54,509)	(58,212)	(59,602)	(62,020)
Administrative expense	(7,661)	(7,458)	(6,906)	(7,520)	(8,072)	(4,410)	(4,813)	(3,869)
<b>Net change in plan fiduciary net position</b>	<u>222,459</u>	<u>28,079</u>	<u>(7,404)</u>	<u>75,266</u>	<u>121,308</u>	<u>66,457</u>	<u>(7,083)</u>	<u>64,068</u>
<b>Plan fiduciary net position-beginning</b>	<u>1,016,230</u>	<u>988,151</u>	<u>995,555</u>	<u>920,289</u>	<u>798,981</u>	<u>732,524</u>	<u>739,607</u>	<u>675,539</u>
<b>Plan fiduciary net position-ending (b)</b>	<u>\$ 1,238,689</u>	<u>\$ 1,016,230</u>	<u>\$ 988,151</u>	<u>\$ 995,555</u>	<u>\$ 920,289</u>	<u>\$ 798,981</u>	<u>\$ 732,524</u>	<u>\$ 739,607</u>
<b>Net pension liability-ending (a)-(b)</b>	<u>\$ 69,437</u>	<u>\$ 325,265</u>	<u>\$ 298,517</u>	<u>\$ 152,303</u>	<u>\$ 202,809</u>	<u>\$ 327,447</u>	<u>\$ 352,730</u>	<u>\$ 299,276</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	94.69%	75.75%	76.80%	86.73%	81.94%	70.93%	67.50%	71.19%
<b>Covered-employee payroll</b>	447,294	590,660	590,660	481,892	454,726	538,764	454,034	521,734
<b>Net pension liability as a percentage of covered-employee payroll</b>	15.52%	55.07%	50.54%	31.61%	44.60%	60.78%	77.69%	57.36%

(1) Only fiscal years 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 were available. The City will continue to present information for years available until a full 10-year trend is compiled.

**Notes to Schedule:**

*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.

**CITY OF REIDSVILLE, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**CITY OF REIDSVILLE RETIREMENT PLAN**  
**SCHEDULE OF CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	*	\$ 57,877	\$ 44,791	\$ 46,116	\$ 55,147	\$ 54,344	\$ 51,993	\$ 53,160
Contributions in relation to the actuarially determined contribution	*	48,231	37,328	46,869	59,609	49,619	52,090	48,730
Contribution deficiency (excess)	*	<u>\$ 9,646</u>	<u>\$ 7,463</u>	<u>\$ (753)</u>	<u>\$ (4,462)</u>	<u>\$ 4,725</u>	<u>\$ (97)</u>	<u>\$ 4,430</u>
Covered-employee payroll	*	590,660	590,660	481,892	454,726	538,764	454,034	521,734
Contributions as a percentage of covered-employee payroll	*	8.17%	6.32%	9.73%	13.11%	9.21%	11.47%	9.34%

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

**Notes to Schedule:**

Valuation Date                      The actuarially determined contribution rate was determined as of January 1, 2022, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2023.

*Methods and assumptions used to determine contribution rates:*

Actuarial Cost Method              Projected Unit Credit  
Amortization Method                Closed level dollar for remaining unfunded liability  
Remaining Amortization Period    Remaining amortization period varies for the bases, with a net effective amortization period of 11 years  
Asset Valuation Method              Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

**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                    Employees - 5% at ages 55 to 59, 7% at age 60 and 61, 20% at age 62, 10% at age 63 and 64, 35% at age 65, 25% at ages 66 to 71, and 100% at ages 72 and older.

**Mortality Rates:**

Healthy retirees and beneficiaries: Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25  
Disabled participants:                Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25  
Active participants, terminated vested participants, and deferred beneficiaries: Sex-distinct Pri-2012 head-count weighted Employee Mortality Table  
Plan termination basis (all lives):    1994 Group Annuity Reserving Unisex Table

**CITY OF REIDSVILLE, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEETS**

	<u>JUNE 30,</u> <u>2022</u>	<u>JUNE 30,</u> <u>2021</u>
<b>ASSETS</b>		
Cash	\$ 472,584	\$ 318,492
Receivables:		
Taxes:		
Property	123,726	105,371
Franchise	-	1,971
Sales	22,659	20,462
Alcoholic beverage	7,148	7,124
Other	10,434	11,656
Lease	30,439	-
Intergovernmental	-	5,729
Accounts	50,269	42,862
Prepaid items	3,397	31,031
Due from other funds	<u>846,759</u>	<u>875,249</u>
 <b>TOTAL ASSETS</b>	 <b><u>\$ 1,567,415</u></b>	 <b><u>\$ 1,419,947</u></b>
 <b>LIABILITIES</b>		
Accounts payable	286,427	\$ 68,450
Accrued payroll liabilities	1,503	124,551
Note payable	-	55,120
Due to other funds	<u>42,698</u>	<u>22,698</u>
<b>Total liabilities</b>	<b><u>330,628</u></b>	<b><u>270,819</u></b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	122,221	100,540
Lease related	<u>30,441</u>	<u>-</u>
	<b><u>152,662</u></b>	<b><u>100,540</u></b>
 <b>FUND BALANCE</b>		
Nonspendable	3,397	31,031
Restricted	3,020	46,076
Assigned	158,008	202,995
Unassigned	<u>919,700</u>	<u>768,486</u>
<b>Total fund balance</b>	<b><u>1,084,125</u></b>	<b><u>1,048,588</u></b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	 <b><u>\$ 1,567,415</u></b>	 <b><u>\$ 1,419,947</u></b>

**CITY OF REIDSVILLE, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**

	YEAR ENDED	
	JUNE 30, 2022	JUNE 30, 2021
<b>REVENUES</b>		
Taxes:		
Property	\$ 291,271	\$ 309,128
Sales	255,726	228,962
Franchise	139,907	138,272
Insurance premium	217,637	209,854
Alcoholic beverage	85,902	84,181
Other	119,394	118,959
Licenses and permits	108,821	97,158
Intergovernmental	200,878	128,835
Charges for services	455,443	422,891
Fines and forfeitures	129,905	113,630
Interest	527	210
Other	47,116	56,444
Total revenues	<u>2,052,527</u>	<u>1,908,524</u>
<b>EXPENDITURES</b>		
Current:		
General government	322,143	347,545
Public safety	775,267	1,005,315
Streets	262,687	252,369
Sanitation	295,444	245,647
Recreation	147,679	169,363
Community services	10,535	13,630
Airport	164,219	5,706
Debt service:		
Principal	79,949	43,644
Interest	22,543	14,138
Total expenditures	<u>2,080,466</u>	<u>2,097,357</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(27,939)</u>	<u>(188,833)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of debt	-	290,014
Transfers in	50,000	-
Sale of capital assets	13,476	90,694
Total other financing sources (uses)	<u>63,476</u>	<u>380,708</u>
<b>NET CHANGE IN FUND BALANCE</b>	35,537	191,875
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,048,588</u>	<u>856,713</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,084,125</u>	<u>\$ 1,048,588</u>

**CITY OF REIDSVILLE, GEORGIA**  
**AMERICAN RESCUE PLAN ACT FUND**  
**COMPARATIVE BALANCE SHEETS**

	JUNE 30, 2022	JUNE 30, 2021
ASSETS		
Cash	\$ 217,978	\$ -
TOTAL ASSETS	\$ 217,978	\$ -
LIABILITIES		
Unearned revenue	\$ 217,978	\$ -
FUND BALANCE		
Restricted	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 217,978	\$ -

**CITY OF REIDSVILLE, GEORGIA**  
**AMERICAN RESCUE PLAN ACT FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**

	YEAR ENDED	
	JUNE 30, 2022	JUNE 30, 2021
REVENUES		
Intergovernmental	\$ 275,892	\$ -
Interest	-	-
Total revenues	<u>275,892</u>	<u>-</u>
EXPENDITURES		
Current:		
General government	29,466	-
Public safety	30,272	-
Streets	6,000	-
Total expenditures	<u>65,738</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	210,154	-
OTHER FINANCING SOURCES (USES)		
Transfers out	<u>(210,154)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

**CITY OF REIDSVILLE, GEORGIA**  
**SPECIAL SALES TAX CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**

	JUNE 30, 2022	JUNE 30, 2021
<b>ASSETS</b>		
Cash	\$ 259,138	\$ 166,354
Intergovernmental receivable	43,001	39,251
<b>TOTAL ASSETS</b>	<b>\$ 302,139</b>	<b>\$ 205,605</b>
<b>LIABILITIES</b>		
Due to other funds	\$ 47,018	\$ 14,000
<b>FUND BALANCE</b>		
Restricted for capital projects	255,121	191,605
<b>TOTAL LIABILITIES AND FUNG BALANCE</b>	<b>\$ 302,139</b>	<b>\$ 205,605</b>



**CITY OF REIDSVILLE, GEORGIA**  
**SPECIAL SALES TAX CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**

	YEAR ENDED	
	JUNE 30, 2022	JUNE 30, 2021
<b>REVENUES</b>		
Intergovernmental	\$ 245,549	\$ 189,063
Interest	86	248
Total revenues	<u>245,635</u>	<u>189,311</u>
<b>EXPENDITURES</b>		
Capital outlay:		
General government	6,710	-
Public safety	120,310	64,014
Streets	75,000	545
Recreation	11,166	4,281
Airport	5,900	-
Debt service:		
Principal	61,718	36,953
Interest	4,735	6,194
Total expenditures	<u>285,539</u>	<u>111,987</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(39,904)	77,324
<b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of debt	<u>103,420</u>	-
<b>NET CHANGE IN FUND BALANCE</b>	63,516	77,324
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>191,605</u>	<u>114,281</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 255,121</u></u>	<u><u>\$ 191,605</u></u>

**CITY OF REIDSVILLE, GEORGIA**  
**T-SPLOST CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**

	JUNE 30, 2022	JUNE 30, 2021
<b>ASSETS</b>		
Cash	\$ 41,724	\$ 226,814
Intergovernmental receivable	199,464	3,735
Due from other funds	42,698	22,698
<b>TOTAL ASSETS</b>	<b>\$ 283,886</b>	<b>\$ 253,247</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 240,600	\$ 38,206
 <b>FUND BALANCE</b>		
Restricted for street projects	43,286	215,042
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 283,886</b>	<b>\$ 253,248</b>

**CITY OF REIDSVILLE, GEORGIA**  
**T-SPLOST CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**

	YEAR ENDED	
	JUNE 30, 2022	JUNE 30, 2021
REVENUES		
Intergovernmental	\$ 287,586	\$ 104,655
EXPENDITURES		
Capital outlay:		
Streets	436,044	26,595
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(148,458)	78,060
OTHER FINANCING SOURCES (USES)		
Transfers out	(23,298)	(13,502)
NET CHANGE IN FUND BALANCE	(171,756)	64,558
FUND BALANCE, BEGINNING OF YEAR	215,042	150,484
FUND BALANCE, END OF YEAR	<u>\$ 43,286</u>	<u>\$ 215,042</u>

**CITY OF REIDSVILLE, GEORGIA**  
**WATER AND SEWER FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**

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	<u>June 30,</u> 2022	<u>June 30,</u> 2021
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 36,250	\$ 36,523
Accounts receivable	122,050	89,227
Total current assets	<u>158,300</u>	<u>125,750</u>
Restricted Assets - Cash and cash equivalents	<u>275,370</u>	<u>275,249</u>
Capital Assets		
Land	410,942	410,942
Buildings	48,609	48,609
Water and sewer system	11,778,594	11,773,094
Machinery and equipment	423,362	364,337
Accumulated depreciation	<u>(9,463,330)</u>	<u>(9,160,053)</u>
Total capital assets	<u>3,198,177</u>	<u>3,436,929</u>
Total Assets	<u>3,631,847</u>	<u>3,837,928</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Resources related to pensions	<u>27,128</u>	<u>20,225</u>

**CITY OF REIDSVILLE, GEORGIA**  
**WATER AND SEWER FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**

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	<u>June 30,</u> 2022	<u>June 30,</u> 2021
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 5,582	\$ 17,439
Accrued interest payable	6,994	7,313
Customer deposits	78,771	94,398
Compensated absences payable	2,158	2,395
Current portion of revenue bonds payable	136,117	129,492
Due to general fund	799,741	861,173
Total current liabilities	<u>1,029,362</u>	<u>1,112,210</u>
Long-Term Liabilities		
Compensated absences payable, net of current portion	8,630	9,582
Net pension liability	2,467	69,773
Revenue bonds payable, net of current portion	2,700,271	2,836,464
Total long-term liabilities	<u>2,711,369</u>	<u>2,915,819</u>
Total liabilities	<u>3,740,731</u>	<u>4,028,029</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Resources related to pensions	<u>49,576</u>	<u>4,308</u>
<b>NET POSITION</b>		
Net investment in capital assets	361,789	470,973
Restricted for debt service	275,370	275,249
Unrestricted	(768,491)	(920,406)
Total net position	<u>\$ (131,332)</u>	<u>\$ (174,184)</u>

**CITY OF REIDSVILLE, GEORGIA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**WATER AND SEWER FUND**

	YEAR ENDED	
	2022	2021
<b>OPERATING REVENUES</b>		
Water and sewer sales	\$ 850,900	\$ 768,405
Tap and connection fees	8,317	4,780
Late charges	20,495	5,780
Rental income	-	300
Other	1,726	12,602
Total operating revenues	<u>881,438</u>	<u>791,867</u>
<b>OPERATING EXPENSES</b>		
Salaries	187,291	169,773
Payroll taxes	14,098	12,659
Employee benefits/Uniforms	44,562	66,965
Utilities	75,667	60,959
Postage	5,112	4,602
Computer support	9,381	5,955
Contracted services	21,910	23,404
Chemicals	2,131	4,499
Advertising	164	504
Professional services	37,618	63,627
Insurance	11,633	5,884
Materials and supplies	24,095	15,725
Gasoline, oil, etc.	39,770	10,662
Repairs and maintenance	56,053	61,659
Telephone	-	1,237
Equipment	-	4,278
Equipment rental	30,494	44,761
Depreciation	303,277	282,137
Bad debts	12,067	5,251
Other	2,015	2,964
Total operating expenses	<u>877,338</u>	<u>847,505</u>
<b>OPERATING INCOME (LOSS)</b>	<u>4,100</u>	<u>(55,638)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Interest income	142	1,377
Interest expense	(144,842)	(151,554)
Total nonoperating revenue (expense)	<u>(144,700)</u>	<u>(150,177)</u>
<b>LOSS BEFORE TRANSFERS</b>	(140,600)	(205,815)
<b>TRANSFERS IN (OUT)</b>	<u>183,452</u>	<u>690,659</u>
<b>CHANGE IN NET POSITION</b>	42,852	484,844
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>(174,184)</u>	<u>(659,028)</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ (131,332)</u>	<u>\$ (174,184)</u>

**CITY OF REIDSVILLE, GEORGIA**  
**SCHEDULE OF PROJECTS PAID**  
**WITH SPECIAL SALES TAX PROCEEDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**2014 Special Sales Tax**

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
			Prior Years	Current Year		
Building improvements and equipment - Administrative	\$ 38,220	\$ 175,464	\$ 175,464	-	\$ 175,464	100.0%
Building improvements - Police/Fire	-	64,014	64,014	-	64,014	100.0%
Vehicles and equipment - Police	343,979	168,541	168,541	-	168,541	100.0%
Vehicles and equipment - Fire	129,948	34,191	18,184	\$ 16,007	34,191	100.0%
Street improvements and equipment	122,304	357,234	314,087	43,147	357,234	100.0%
Water and sewer improvements and equipment	129,948	65,436	65,436	-	65,436	100.0%
Recreation projects and equipment	155,520	241,145	161,932	11,166	173,098	71.8%
Cemetery improvements	-	6,710	-	6,710	6,710	100.0%
	<u>\$ 919,919</u>	<u>\$ 1,112,735</u>	<u>\$ 967,658</u>	<u>\$ 77,030</u>	<u>\$ 1,044,688</u>	<u>93.9%</u>

**2020 Special Sales Tax**

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
			Prior Years	Current Year		
Building improvements and equipment - Administrative			-	-	-	
Building improvements - Police/Fire			-	-	-	
Vehicles and equipment - Police			-	\$ 24,189	\$ 24,189	
Vehicles and equipment - Fire			-	-	-	
Street improvements and equipment			-	75,000	75,000	
Water and sewer improvements and equipment			-	-	-	
Recreation projects and equipment			-	-	-	
Airport improvements			-	5,900	5,900	
	<u>\$ 997,704</u>	<u>\$ 997,704</u>	<u>\$ -</u>	<u>\$ 105,089</u>	<u>\$ 105,089</u>	<u>10.5%</u>

Total current year expenditures \$ 182,119

Reconciliation of current year expenditures to Statement of Revenues, Expenditures and Changes in Fund Balances:

Total Special sales tax fund expenditures per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 285,539
Less loan proceeds spent on public safety equipment	<u>(103,420)</u>
Total current year expenditures per above	<u>\$ 182,119</u>