

CITY OF LOCUST GROVE, GEORGIA



Annual Financial Report

For the year ended December 31, 2024

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CITY OF LOCUST GROVE, GEORGIA
ANNUAL FINANCIAL REPORT
For the year ended December 31, 2024

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Locust Grove, Georgia, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Locust Grove, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Locust Grove, Georgia, as of December 31, 2024, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Locust Grove, Georgia’s basic financial statements for the year ended December 31, 2023, which are not presented with the accompanying financial statements. In our report dated June 26, 2024, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Locust Grove’s basic financial statements as a whole.

The combining and individual fund financial statements and schedules related to the 2023 financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 2023 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2023 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2025 on our consideration of the City of Locust Grove, Georgia’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Locust Grove, Georgia’s internal control over financial reporting and compliance.

Rushton, LLC

Gainesville, Georgia
December 29, 2025

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

The management of the City of Locust Grove provides this Management's Discussion and Analysis for readers of the City's financial statements for the year ended December 31, 2024. The purpose of this narrative is to provide readers of these financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Locust Grove. This narrative overview of the City's financial activities should be read in conjunction with the information included in the notes to the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City of Locust Grove exceeded its liabilities and deferred inflows of resources at December 31, 2024 by \$114,428,735 (reported as "Net Position"). Of this amount \$4,991,162 is unrestricted.
- The total net position increased by \$26,007,794.
- As of the close of the current year, the City of Locust Grove's governmental funds reported combined ending fund balances of \$23,080,009, an increase of \$423,738 in comparison with the prior year. Of this amount, \$6,427,779 is unassigned and available for spending and \$16,589,043 is restricted or assigned for capital projects and other specific future uses. \$63,187 is in nonspendable form as prepaid items.
- At the end of the current year, unassigned fund balance for the General Fund was \$6,427,779, which is 51.9 percent of total General Fund expenditures for the year ending December 31, 2024.
- The City of Locust Grove's total debt obligations (including accrued compensated absences) decreased by \$1,950,237 to a total of \$8,299,137 as of year-end due to scheduled principal payments during the year on its long-term debt. Beginning balances of compensated absences were restated for the implementation of GASB Statement No. 101, *Compensated Absences*. The restatement increased beginning compensated absences by \$7,705 in the governmental activities and \$2,417 in the business-type activities.

Overview of the Financial Statements

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

Government-wide financial statements

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

Statement of Net Position

The Statement of Net Position (pages 16-17) presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. The City's net position, which is the difference between assets (what the citizens own), and liabilities (what the citizens owe), is one way to measure the City's financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, and utility systems) must be considered to assess the overall health of the City.

Statement of Activities

The Statement of Activities (page 18) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

Fund financial statements

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

In fund financial statements, information is presented in separate columns for each of the major funds. Data from non-major funds are combined into a single, aggregated column for presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements beginning on page 72.

Governmental funds

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

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

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

Proprietary funds

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-65 of this report.

Other information

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

This report includes two schedules on pages 20 and 22 that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on the fund financial statements.
- Certain revenues that are earned, but not available, are reported as revenue on the government-wide statement, but are reported as unearned revenue on the fund financial statements.
- Unless due and payable, long-term liabilities appear only in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Repayment of debt principal reduces a liability on the government-wide statements, but is an expenditure on the fund financials.
- Some expenses reported in the government-wide statements represent increases in liabilities on the government-wide statements but are not reported as expenditures in governmental funds because they do not require the use of current financial resources.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$114,428,735 as of December 31, 2024. The following table provides a summary of the City's governmental and business-type net position for the years ended December 31, 2023 and 2024.

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 23,640	\$ 23,603	\$ 7,221	\$ 6,759	\$ 30,861	\$ 30,362
Other noncurrent assets	0	0	207	224	207	224
Capital assets	55,164	40,863	41,642	33,051	96,806	73,914
Total assets	78,804	64,466	49,070	40,034	127,874	104,500
Total deferred outflows of resources	1,077	1,064	105	206	1,182	1,270
Current liabilities	3,015	3,076	3,587	4,312	6,602	7,388
Noncurrent liabilities	5,893	7,208	1,714	2,515	7,607	9,723
Total liabilities	8,908	10,284	5,301	6,827	14,209	17,111
Total deferred inflows of resources	137	11	281	227	418	238
Net Position						
Net investment in capital assets	53,653	37,971	39,539	30,216	93,192	68,187
Restricted	9,849	9,027	6,019	4,143	15,868	13,170
Unrestricted	7,334	8,237	(1,965)	(1,173)	5,369	7,064
Total net position	\$ 70,836	\$ 55,235	\$ 43,593	\$ 33,186	\$ 114,429	\$ 88,421

The 2023 column in the table above was restated for the implementation of GASB Statement No. 101, *Compensated Absences*.

The largest portion of the City's net position as of December 31, 2024 (81%) reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment and the street and sidewalks). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The following table provides a summary of the City's governmental and business-type revenues and expenses for the years ending December 31, 2023 and 2024.

(in thousands)

	Governmental		Business-Type		Total	
	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services	\$ 4,415	\$ 2,021	\$ 6,741	\$ 6,474	\$ 11,156	\$ 8,495
Capital grants and contributions	15,919	14,914	10,591	8,412	26,510	23,326
General revenues:						
Motor vehicle/TAVT	361	349	0	0	361	349
Sales tax	3,347	3,272	0	0	3,347	3,272
Other taxes	3,290	3,544	0	0	3,290	3,544
Interest and investment earnings	418	166	18	25	436	191
Gain on sale of assets	1	17	0	0	1	17
Miscellaneous revenue	33	106	0	0	33	106
Total revenues	<u>27,784</u>	<u>24,389</u>	<u>17,350</u>	<u>14,911</u>	<u>45,134</u>	<u>39,300</u>
Expenses						
General Government	2,267	2,180	0	0	2,267	2,180
Judicial	590	471	0	0	590	471
Public Safety	4,419	3,787	0	0	4,419	3,787
Public Works	2,867	2,175	0	0	2,867	2,175
Culture and Recreation	195	162	0	0	195	162
Housing and Development	2,497	2,126	0	0	2,497	2,126
Interest on long-term debt	120	182	0	0	120	182
Water and Sewer	0	0	4,917	4,674	4,917	4,674
Solid Waste Management	0	0	803	765	803	765
Storm Water	0	0	451	424	451	424
Total expenses	<u>12,955</u>	<u>11,083</u>	<u>6,171</u>	<u>5,863</u>	<u>19,126</u>	<u>16,946</u>
Transfers	(63)	0	63	0	0	0
Indirect Cost Allocation	835	857	(835)	(857)	0	0
Increase (decrease) in net position	<u>15,601</u>	<u>14,163</u>	<u>10,407</u>	<u>8,191</u>	<u>26,008</u>	<u>22,354</u>
Net position - beginning (original)	55,243	41,080	33,188	24,997	88,431	66,077
Change in accounting principles	(8)	0	(2)	0	(10)	0
Net position - beginning (restated)	<u>55,235</u>	<u>41,080</u>	<u>33,186</u>	<u>24,997</u>	<u>88,421</u>	<u>66,077</u>
Net position - ending	<u>\$ 70,836</u>	<u>\$ 55,243</u>	<u>\$ 43,593</u>	<u>\$ 33,188</u>	<u>\$ 114,429</u>	<u>\$ 88,431</u>

Governmental Activities

Governmental Activities increased the City's net position by \$15,600,010. Key elements of this increase were as follows:

- A contribution of capital assets from developers in the amount of \$11,801,643.

Business-type Activities

Operations of business-type activities increased the City's net position by \$10,407,784. Key elements of this increase were as follows:

- A contribution of capital assets from developers in the amount of \$9,153,525.
- Impact fees collected in the Water and Sewer Fund in the amount of \$1,437,897.

Financial Analysis of the Government's Individual Funds

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

Governmental funds

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

At the end of the current year, the City's General Fund reported an ending fund balance of \$8,501,719, a decrease of \$596,793 in comparison with the prior year. Approximately 96% of this amount (\$8,135,499) constitutes a combined assigned and unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is in restricted or non-spendable form.

Review pages 74-78 for additional information on the General Fund.

Special Revenue Funds

- Confiscated Assets Fund: This fund is used to account for assets obtained by the City as a result of investigations into illegal drug activities. The fund balance for this fund was \$27,334 and \$43,077 on December 31, 2024 and 2023, respectively.
- Hotel/Motel Tax Fund: The Hotel/Motel Tax Fund receives revenues from taxes on hotels and motels within the City. 43.75% of these revenues must be paid to the Henry County Chamber of Commerce Convention and Visitors Bureau for tourism and promotional purposes. The fund balance for this fund was \$1,467,035 and \$1,516,748 on December 31, 2024 and 2023, respectively.

Review pages 79-82 for additional information on the Special Revenue funds.

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

Capital Projects Fund

- SPLOST Fund: The City has one Special Purpose Local Option Sales Tax fund for the purpose of funding capital projects. These funds were voted on by the citizens of Henry County, Georgia and are passed to the City of Locust Grove by way of an intergovernmental agreement (SPLOST IV) or by Statute (SPLOST V). The fund balance for this fund was \$3,602,210 and \$3,265,217 on December 31, 2024 and 2023, respectively.
- TSPLOST Fund: The City has one Transportation Special Purpose Local Option Sales Tax fund for the purpose of funding capital projects. These funds were voted on by the citizens of Henry County, Georgia and are passed to the City of Locust Grove by way of an intergovernmental agreement (TSPLOST). The fund balance for this fund was \$6,716,552 and \$6,420,491 on December 31, 2024 and 2023, respectively.
- Development Impact Fund: The Development Impact Fund collects revenues generated through a Fee Ordinance approved by the City Council. The City uses these fees to fund major capital improvements for parks, police and streets. The fund balance for this fund was \$2,765,159 and \$2,312,226 at December 31, 2024 and 2023, respectively. The recent return to near-normal construction from the recent recessionary levels means that more funds will be made available for capital projects.

Review pages 83-88 for additional information on the Capital Project Funds.

Proprietary Funds

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

2024 net position of the City's three proprietary funds are as follows:

Water and sewer:	\$35,750,387
Solid waste management:	\$385,335
Storm water:	\$7,457,286

The increase in net position for the funds was approximately \$10,407,784.

Water and Sewer Fund – The Water and Sewer Fund had operating revenues of \$5,485,375 and operating expenses of \$5,621,955. The fund received \$6,278,465 in capital contributions from developers. The fund had a \$7,579,857 increase in net position in 2024.

Solid Waste Management Fund – The Solid Waste Management Fund had operating revenues of \$908,577 and operating expenses of \$827,949. The fund had a \$111,592 increase in net position in 2024.

Storm Water Fund – The Storm Water Fund had operating revenues of \$347,243 and operating expenses of \$505,968. The fund received \$2,875,060 in capital contributions from developers. The fund had a \$2,716,335 increase in net position in 2024.

Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's Business-type activities. Review pages 89-99 for additional information on the Enterprise funds.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities was \$96,806,350 and \$73,914,516 (net of accumulated depreciation) on December 31, 2024 and 2023, respectively. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and distributions systems for water/sewer and storm water management.

During the year ended December 31, 2024, the City invested \$26,087,432 in new capital assets - governmental activities was \$16,117,493 and \$9,969,939 for business-type activities. Major capital asset events during the current year ended December 31, 2024 included the following:

Governmental activities:

Land	\$ 2,098,066
Construction in progress	1,299,028
Buildings and improvements	1,126,858
Infrastructure	15,084,702
Vehicles and equipment	420,288
Software	421,226

Business-type activities:

Construction in progress	\$ 336,088
Infrastructure	9,153,524
Vehicles and equipment	480,327

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

Debt Administration

At the end of the current year, the City had \$4,774,587 outstanding General Obligation Sales Tax Bonds, Series 2022, with an interest rate of 5%. The bonds are to be used to fund a portion of the 2022 TSPLOST City of Locust Grove projects. At the end of the current year, the City had \$2,060,000 outstanding Water and Sewerage Refunding Revenue Bonds, Series 2016, with an interest rate of 2%. The bonds refunded the previous Series 2013 bonds which financed improvements in water/sewer infrastructure. The City also had one outstanding note payable related to equipment. The total liability related to this note payable at year-end was \$36,427. The City also had an outstanding note payable related to equipment in the governmental activities. The total liability related to this note payable at year-end was \$91,717. In 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. At the end of the current year, the City had \$435,981 outstanding subscriptions payable, with interest rates varying from 0.4%-2.6%.

More information on long-term debt may be found in Notes 10 and 11 to the Financial Statements on pages 49-54 of this report.

Economic Factors Affecting 2024 Operations and the New FY 2025 Budget

Macroeconomic Factors

1. *Demographic Trends*. Locust Grove grew at a more reasonable rate of 4.8% in 2024 due mainly to the constrained sales in housing by high interest rates on mortgages as well as affordable pricing concerns. The City reached 11,749 in July 2024, which is still a significant increase of over 31% since the 2020 Census. Affordability is becoming an issue here, as homebuilding is picking up in the counties south of Henry where regulations allow smaller and simpler homes that can sell in the \$200,000 range.
2. *National and Regional Economic Trends*. Inflation continues to moderate, but with swings in volatility of fuel and food across the nation and particularly the Atlanta Region. Construction costs remain higher due to supply chain issues namely the major components of development (concrete, asphalt, steel, finishes) as well as high labor costs overall. Costs are now able to be better estimated for future planning of major projects. The continued tariff issues are only now showing up in prices in the current FY 25 year, which will be more of a threat in the new FY 26 Budget Year.
3. *Unemployment*. The unemployment rate for the City of Locust Grove continues to compare reasonably between the state and regional rates and is still a very competitive environment for finding qualified employees. The city increased all salaries by an average of over 7.8% as part of a new employee classification and compensation plan adopted January 2, 2024 but has kept new increases relegated to longevity increases in 2025 due to uncertainty with tariffs and overall economic performance.
4. *Labor Force*. The biggest challenge in terms of employment is the availability of a trained workforce equipped for the new economy. This has been noted in prospective industrial tenants as well as our own needs for employees for various skilled and unskilled functions, with further challenges as large industrial projects continue to come online throughout the state (Hyundai and other EV manufacturing facilities). *Locally speaking*, the City added new positions in its Main Street Program (Events Coordinator/Social Media Specialist) and a new Assistant City Clerk in the current FY 25 Year, with more police officers added to staff due to overall growth in 2024. In 2025, the city will need more maintenance workers training for water and wastewater plant operators due to the expanded plant along with additional HR person to take over from the newly appointed Assistant City Clerk.

Local and Regional Factors

1. *Commercial/Industrial Building Activity*. New large-scale commercial and industrial development continued to increase in 2024/2025 with the new Renewal by Andersen finally open for training and initial production by the end of CY 2025. The new Car Max along Price Road began construction in late 24 and is scheduled to also open by late 2025. The new Stonemont Industrial Park across I-75 from Andersen brought three new structures in varied sizes to meet a new manufacturing and logistics market where variable sizes are now sought out. Industrial development will continue to outpace most other nonresidential development for the next several years in overall square footage, especially as the New Bethlehem Road interchange is set to be under construction in late 2026 after awarding to a Design-Build contractor in October 2025. The City is currently seeking a large logistics project that would equal investment by Andersen and increase the tax base of the city by nearly 15%.
2. *Residential Building Activity*. Building permits for residential construction rebounded in 2024 and into 2025 from the peak of 2021/22 despite remaining high interest rates. Multifamily did finally take off in late 2024 and early 2025 with the 328-unit Springs at Locust Grove, which helps to diversify housing options for people seeking to move to Locust Grove. Additionally,

- new subdivisions bring initial activity by builders to offer inventory that has proliferated along the LG- Griffin Corridor and in other parts of the City.
3. Downtown Development Activity. The vacancy rate of the City's downtown area 17% in 2024 and increased slightly to 19% in 2025 remained high over the year, as two of the "trophy restaurants" either closed or were foreclosed upon by the 1st Quarter of 2024. One of the French Market spaces reopened as an events venue, although French Market's fate is still unknown. Southern Pine Flooring moved out of the area leaving showroom/office space and warehouse space open for lease/purchase. Grove Depot shuttered its doors in 2024, but other businesses still continue to do well. Some activity improved over in 2025, including the move to expand the Downtown area dramatically with the Heart of Locust Grove Plan.
 4. Tourism Development Activity. Travel was strong during most of the 2024 calendar year, with a new dual-brand Marriott property under construction along with a Best Western on the east side of the Interchange (as well as a proposed dual-brand Hilton under revised plans). In 2025, however, hotel-motel tax receipts are markedly lower due to strained relations between the US and Canada with statements by President Trump on annexation and increased tariffs. Bordering states and areas along high-traffic corridors are seeing up to 30% reductions in revenues. This will still be an issue as we complete the 2025 CY and begin our FY 26 Budget.
 5. Operating Tax Collections. Collections of Tax continued to be fairly robust; however, the Local Option Sales Tax (LOST) rate changed as part of the renewed Service Delivery Strategy and Decennial Census. The 0.42% LOST rate decrease was met with increased sales to show a positive collection trend. Other taxes (Occupation Taxes, Franchise Taxes) were either stable or growing due to continued business development. For FY 2026, the City is exploring expanding the occupation tax collection rates to use number of employees along with possible tax rate changes that are being performed in other cities in the region. Per the FY 2025 Budget, the city will be considering a property tax of 4.087 mills due to growth in overall needs of operations along with slowing overall economic growth in the US and in Georgia. The proposed tax would bring in roughly \$3.3 million in additional revenue.
 6. HB 581 and future FLOST. The State Legislature passed HB 581 and a subsequent HB 92 to establish for more homestead exemption to protect homeowners from dramatic property tax increases due to rapid house price appreciation. As part of this, there is a proposed Floating Homestead Local Option Sales Tax (FLOST) that cities and their respective county must agree to allow voters to decide on the imposition of another sales tax to roll back roll back property taxes. The cities and Henry County are currently in negotiations now on this for a vote in November of 2025 which would be collected and held until the 2027 tax year for rollback.
 7. Special Purpose Tax Collections. The SPLOST and T-SPLOST continue to be healthy as part of the overall local economy. The new SPLOST VI was approved narrowly and will last through year 2030 and is expected to raise nearly \$470 million (over \$17.8 million in Locust Grove) for capital building and transportation projects. As with issues regarding hotel/motel tax collection, the decrease in Canadian Tourism will affect collections in 2025 and potentially into future years without normalized relations. The Georgia Legislature recently approved a measure to allow jurisdictions to have a 6-Year T-SPLOST, meaning that in Year 2026, a vote to extend the existing T-SPLOST would last until 2032 and raise upwards of \$500 million.
 8. Revenues from Enterprise Funds – Utilities. Our utilities (Water, Sanitary Sewer, Sanitation and Stormwater) exist primarily from user-fees and charges for services. These funds have grown primarily due to residential growth and overall development. Fees from Sanitation increased by \$0.5/month each January and July until July 2024, so the increase in collections was primarily growth and rate increases. Another increase was approved in February of 2025 with automatic increases in October of every year unless otherwise considered by the Mayor and Council. Water and Sewer revenues have remained relatively even with the exception of growth; however, the City is restructuring rates to better match expenditures as well as to

recognize increases in debt and capital expenditures for Sewer in the next few years. Stormwater fees are driven primarily by development, and the large distribution facilities increase revenues by a considerable amount in 2025 and 2026 collection period.

9. Transportation Needs. The City is in the process of spending over \$10 million on roads and intersections throughout the area, with additional funding coming from GDOT in the form of grants from LMIG and/or in-kind contributions. In 2024, the State agreed to improve the intersection of Bethlehem Road and SR 42 by putting in turning lanes and installing a traffic signal that the City had to purchase using SPLOST V funds originally allocated for design on that intersection. The light was placed into service in early 2024. The city is obtained SPLOST VI money to fund even more transportation projects such as a roundabout at Tanger Boulevard and Indian Creek Road. Overall, though, the larger needs in the future will be maintenance of streets and resurfacing as the newer subdivisions age.

Items of Particular Note:

13. Incode/ERP Pro/Energov Software transition. As part of continuing technological changes, we completed the migration of our Community Development Department from Incode to Energov that allows more self-service and remote operations to take pressures off new personnel related to administration. The city's General Ledger and Utility Billing/Cashiering began its long implementation that occurred in early 2024 with ERP Pro for General Ledger and in late Spring for Utility Billing/Cashiering. Further, there have been some interoperable concerns with Energov and ERP Pro due to the former transitioning first with old account numbers that resulted in erroneous reporting or lack of transactions being completed in the middle of 2024. Staff continue to work with Tyler on productivity issues with these software packages and may abandon the ERP software altogether and revert to its older but less glitchy software in ERP.
14. Accounts Receivable Improvements. The city's credit card payment processing was changed to Tyler Payments and were altered to accept user fees as part of card payments and check payments to allow for ease of use by the citizens with minimum exposure to the City. We are continuing to work through some issues there as well and hope to have a seamless operation by the end of 2025.
15. The Heart of Locust Grove Redevelopment. The City recently elected an installment purchase of over 8 acres in the core of the City's downtown to encourage cohesive development and provide see money for the Downtown Development Authority DDA to provide needed business and services without relying mainly on the public sector for redevelopment on an ad hoc basis. The city purchased one home at 81 Carter Lane and is seeking other properties nearby to facilitate the overall Heart of Locust Grove plan.

These factors were considered in preparing the City of Locust Grove's budget for 2025, as well as recent amendments for the consideration of a new 2026 budget.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF NET POSITION
December 31, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 16,641,517	\$ 593,442	\$ 17,234,959
Restricted assets			
Cash and cash equivalents	3,871,367	6,848,404	10,719,771
Receivables (net)			
Accounts	17,991	724,733	742,724
Lease	0	33,803	33,803
Interest	0	7,462	7,462
Taxes	1,214,030	0	1,214,030
Intergovernmental	833,953	0	833,953
Prepaid items	63,187	11,101	74,288
Internal balances	997,791	(997,791)	0
	<u>23,639,836</u>	<u>7,221,154</u>	<u>30,860,990</u>
Total current assets			
Noncurrent assets			
Lease receivable	0	207,042	207,042
Capital assets			
Non-depreciable	5,447,292	4,578,073	10,025,365
Depreciable/amortizable (net)	49,716,972	37,064,013	86,780,985
	<u>55,164,264</u>	<u>41,849,128</u>	<u>97,013,392</u>
Total noncurrent assets			
	<u>78,804,100</u>	<u>49,070,282</u>	<u>127,874,382</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	1,076,917	105,180	1,182,097
	<u>1,076,917</u>	<u>105,180</u>	<u>1,182,097</u>
LIABILITIES			
Current liabilities			
Accounts payable	257,283	185,367	442,650
Accrued salaries and expenses	3,433	0	3,433
Compensated absences	860,555	39,870	900,425
Unearned revenue	0	1,921,104	1,921,104
Due to others	112,666	0	112,666
Interest payable	15,114	0	15,114
Subscriptions payable	173,741	0	173,741
Notes payable	20,980	36,427	57,407
Bonds payable	1,571,529	0	1,571,529
Liabilities payable from restricted assets			
Customer deposits payable	0	820,728	820,728
Interest	0	8,814	8,814
Bonds payable	0	575,000	575,000
	<u>3,015,301</u>	<u>3,587,310</u>	<u>6,602,611</u>
Total current liabilities			

See accompanying notes to the financial statements.

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF NET POSITION
December 31, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Noncurrent liabilities			
Net pension liability	\$ 2,356,951	\$ 229,497	\$ 2,586,448
Subscriptions payable	262,240	0	262,240
Notes payable	70,737	0	70,737
Bonds payable	3,203,058	1,485,000	4,688,058
	<u>5,892,986</u>	<u>1,714,497</u>	<u>7,607,483</u>
Total noncurrent liabilities			
	<u>5,892,986</u>	<u>1,714,497</u>	<u>7,607,483</u>
Total liabilities	<u>8,908,287</u>	<u>5,301,807</u>	<u>14,210,094</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	0	203,286	203,286
Deferred inflows related to pension	137,003	77,361	214,364
	<u>137,003</u>	<u>280,647</u>	<u>417,650</u>
Total deferred inflows of resources			
	<u>137,003</u>	<u>280,647</u>	<u>417,650</u>
NET POSITION			
Net investment in capital assets	53,653,273	39,538,863	93,192,136
Restricted for:			
Public Safety	27,334	0	27,334
Public Works	58,125	0	58,125
Housing and Development	37,411	0	37,411
Capital outlay	9,725,688	5,517,070	15,242,758
Debt service	0	502,179	502,179
Unrestricted	7,333,896	(1,965,104)	5,368,792
	<u>70,835,727</u>	<u>43,593,008</u>	<u>114,428,735</u>
Total net position	<u>\$ 70,835,727</u>	<u>\$ 43,593,008</u>	<u>\$ 114,428,735</u>

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended December 31, 2024

FUNCTIONS/PROGRAMS	Expenses	Indirect Costs	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government						
Governmental activities						
General Government	\$ 2,267,144	\$ (834,666)	\$ 389,709	\$ 0	\$ 194,987	\$ (847,782)
Judicial	590,084	0	0	0	0	(590,084)
Public Safety	4,418,802	0	1,011,685	0	0	(3,407,117)
Public Works	2,867,446	0	69,288	0	15,723,542	12,925,384
Culture and Recreation	195,082	0	105,789	0	0	(89,293)
Housing and Development	2,497,161	0	2,838,869	0	0	341,708
Interest on long-term debt	120,481	0	0	0	0	(120,481)
Total governmental activities	<u>12,956,200</u>	<u>(834,666)</u>	<u>4,415,340</u>	<u>0</u>	<u>15,918,529</u>	<u>8,212,335</u>
Business-type activities						
Water and Sewer Utility	4,916,777	754,698	5,485,375	0	7,716,362	7,530,262
Solid Waste Management	802,959	24,990	908,577	0	0	80,628
Storm Water	450,990	54,978	347,243	0	2,875,060	2,716,335
Total business-type activities	<u>6,170,726</u>	<u>834,666</u>	<u>6,741,195</u>	<u>0</u>	<u>10,591,422</u>	<u>10,327,225</u>
Total primary government	<u>19,126,926</u>	<u>0</u>	<u>11,156,535</u>	<u>0</u>	<u>26,509,951</u>	<u>18,539,560</u>
			Governmental Activities	Business-Type Activities	Total	
Change in net position						
Net (expense) revenue			<u>\$ 8,212,335</u>	<u>\$ 10,327,225</u>	<u>\$ 18,539,560</u>	
General revenues						
Taxes						
Motor Vehicle/TAVT			360,619	0	360,619	
Sales			3,347,424	0	3,347,424	
Franchise			862,362	0	862,362	
Insurance premium			853,855	0	853,855	
Intangibles			67,766	0	67,766	
Alcoholic beverage			377,106	0	377,106	
Occupational			60,398	0	60,398	
Hotel/Motel			992,223	0	992,223	
Other			76,233	0	76,233	
Interest and investment earnings			418,341	17,882	436,223	
Gain on sale of assets			980	0	980	
Other			33,045	0	33,045	
Transfers			<u>(62,677)</u>	<u>62,677</u>	<u>0</u>	
Total general revenues			<u>7,387,675</u>	<u>80,559</u>	<u>7,468,234</u>	
Change in net position			<u>15,600,010</u>	<u>10,407,784</u>	<u>26,007,794</u>	
Net position - beginning, as previously reported			55,243,422	33,187,641	88,431,063	
Change in accounting principle			<u>(7,705)</u>	<u>(2,417)</u>	<u>(10,122)</u>	
Net position - beginning, as restated			<u>55,235,717</u>	<u>33,185,224</u>	<u>88,420,941</u>	
Net position - ending			<u>\$ 70,835,727</u>	<u>\$ 43,593,008</u>	<u>\$ 114,428,735</u>	

See accompanying notes to the financial statements.

CITY OF LOCUST GROVE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

	<u>General</u>	<u>SPLOST</u>	<u>TSPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 6,816,964	\$ 3,780,246	\$ 1,772,673	\$ 4,271,634	\$ 16,641,517
Restricted assets					
Cash and equivalents	58,125	0	3,813,242	0	3,871,367
Receivables (net)					
Accounts	17,991	0	0	0	17,991
Taxes	1,150,853	0	0	63,177	1,214,030
Intergovernmental	0	475,753	358,200	0	833,953
Due from other funds	1,428,746	0	772,437	0	2,201,183
Prepaid items	61,479	0	0	1,708	63,187
Total assets	\$ 9,534,158	\$ 4,255,999	\$ 6,716,552	\$ 4,336,519	\$ 24,843,228
LIABILITIES					
Accounts payable	\$ 143,903	\$ 36,389	\$ 0	\$ 76,991	\$ 257,283
Accrued salaries and expenses	3,433	0	0	0	3,433
Due to other funds	772,437	430,955	0	0	1,203,392
Due to others	112,666	0	0	0	112,666
Total liabilities	1,032,439	467,344	0	76,991	1,576,774
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - sales tax	0	186,445	0	0	186,445
FUND BALANCES					
Nonspendable prepaid items	61,479	0	0	1,708	63,187
Restricted for:					
Public Safety	0	0	0	27,334	27,334
Public Works	58,125	0	0	0	58,125
Housing and Development	0	0	0	37,411	37,411
Capital projects	246,616	3,602,210	6,716,552	2,765,159	13,330,537
Assigned for:					
Housing and Development	0	0	0	1,427,916	1,427,916
Budget	1,207,720	0	0	0	1,207,720
Government projects	500,000	0	0	0	500,000
Unassigned	6,427,779	0	0	0	6,427,779
Total fund balances	8,501,719	3,602,210	6,716,552	4,259,528	23,080,009
Total liabilities, deferred inflows of resources and fund balances	\$ 9,534,158	\$ 4,255,999	\$ 6,716,552	\$ 4,336,519	\$ 24,843,228

CITY OF LOCUST GROVE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
December 31, 2024

Total fund balance - total governmental funds \$ 23,080,009

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

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

These are:

Capital assets net of accumulated depreciation/amortization	55,164,264
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

186,445

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

Deferred outflows related to pension	\$ 1,076,917	
Deferred inflows related to pension	<u>(137,003)</u>	939,914

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

These are:

Interest payable	(15,114)	
Net pension liability	(2,356,951)	
Compensated absences	(860,555)	
Subscriptions payable	(435,981)	
Notes payable	(91,717)	
Bonds payable	<u>(4,774,587)</u>	<u>(8,534,905)</u>

Net position of governmental activities \$ 70,835,727

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended December 31, 2024

	General	SPLOST	TSPLOST	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 6,276,577	\$ 0	\$ 0	\$ 992,224	\$ 7,268,801
Licenses and permits	2,064,644	0	0	0	2,064,644
Fines, fees and forfeitures	967,315	0	0	2,765	970,080
Charges for services	1,330,408	0	0	614,060	1,944,468
Intergovernmental	135,892	1,790,026	2,151,206	0	4,077,124
Interest	411,816	62,352	154,832	6,525	635,525
Other	33,045	0	0	0	33,045
Total revenues	11,219,697	1,852,378	2,306,038	1,615,574	16,993,687
EXPENDITURES					
Current					
General Government	3,503,529	0	0	0	3,503,529
Judicial	576,603	0	0	0	576,603
Public Safety	4,354,510	0	0	124,951	4,479,461
Public Works	1,891,491	0	0	0	1,891,491
Culture and Recreation	93,844	0	0	59,784	153,628
Housing and Development	1,628,782	0	0	953,398	2,582,180
Capital outlay	0	1,515,385	283,025	0	1,798,410
Debt service	331,926	0	1,612,250	0	1,944,176
Total expenditures	12,380,685	1,515,385	1,895,275	1,138,133	16,929,478
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(1,160,988)	336,993	410,763	477,441	64,209
Other Financing Sources (Uses)					
Transfers in	204,666	0	0	0	204,666
Transfers out	(62,677)	0	(114,702)	(89,964)	(267,343)
Sale of capital assets	980	0	0	0	980
Issuance of debt	421,226	0	0	0	421,226
Total other financing sources (uses)	564,195	0	(114,702)	(89,964)	359,529
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(596,793)	336,993	296,061	387,477	423,738
Fund balances, January 1	9,098,512	3,265,217	6,420,491	3,872,051	22,656,271
Fund balances, December 31	\$ 8,501,719	\$ 3,602,210	\$ 6,716,552	\$ 4,259,528	\$ 23,080,009

CITY OF LOCUST GROVE, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2024

Net change in fund balances - total governmental funds \$ 423,738

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

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

Capital outlays	\$ 4,315,850	
Depreciation/amortization	<u>(1,816,642)</u>	2,499,208

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

Cost of assets		11,801,643
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In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources.

Cost of assets disposed	(6,036)	
Related accumulated depreciation	<u>6,036</u>	0

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

Pension contributions	447,473	
Cost of benefits earned net of employee contributions	<u>(665,967)</u>	(218,494)

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

Proceeds from issuance of debt	(421,226)	
Debt principal payments	1,681,375	
Amortization of bond premiums	136,530	
Decrease in accrued interest payable	<u>5,791</u>	1,402,470

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

Unavailable revenue - sales tax		(177,420)
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Compensated absences		<u>(131,135)</u>
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Change in net position of governmental activities		<u>\$ 15,600,010</u>
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CITY OF LOCUST GROVE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the year ended December 31, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,263,096	\$ 6,154,600	\$ 6,276,577	\$ 121,977
Licenses and permits	866,000	2,177,000	2,064,644	(112,356)
Fines, fees and forfeitures	732,500	900,000	967,315	67,315
Charges for services	1,025,970	1,359,930	1,330,408	(29,522)
Intergovernmental	451,000	400,500	135,892	(264,608)
Interest	75,070	500,250	411,816	(88,434)
Other	165,100	70,100	33,045	(37,055)
Total revenues	9,578,736	11,562,380	11,219,697	(342,683)
EXPENDITURES				
Current				
General Government				
Mayor and Council Administration	267,450	227,000	190,819	36,181
Administration	3,508,706	3,622,064	3,312,710	309,354
Judicial				
Municipal Court	496,600	661,706	576,603	85,103
Public Safety				
Police	4,120,500	4,490,531	4,354,510	136,021
Public Works				
Streets	2,344,700	2,338,775	1,815,578	523,197
Fleet Maintenance	142,875	93,625	73,987	19,638
Cemetery	10,340	15,480	1,926	13,554
Culture and Recreation				
Parks and Recreation	153,050	105,500	93,844	11,656
Housing and Development				
Community Development	1,341,750	1,775,980	1,628,782	147,198
Debt Service	0	332,000	331,926	74
Total expenditures	12,385,971	13,662,661	12,380,685	1,281,976
Excess (deficiency) of revenues over (under) before other financing sources (uses) expenditures	(2,807,235)	(2,100,281)	(1,160,988)	939,293
Other financing sources (uses)				
Transfers in	90,000	90,000	204,666	114,666
Transfers out	0	0	(62,677)	(62,677)
Sale of capital assets	0	0	980	980
Issuance of debt	0	0	421,226	421,226
Contingency	(51,500)	(13,750)	0	13,750
Total other financing sources (uses)	38,500	76,250	564,195	487,945
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,768,735)	(2,024,031)	(596,793)	1,427,238
Fund balances, January 1	2,768,735	2,024,031	9,098,512	7,074,481
Fund balances, December 31	\$ 0	\$ 0	\$ 8,501,719	\$ 8,501,719

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2024

	Business Type			Totals
	Water and Sewer	Solid Waste Management	Storm Water	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 30,122	\$ 38,512	\$ 524,808	\$ 593,442
Restricted cash and cash equivalents	6,848,404	0	0	6,848,404
Receivables				
Accounts	558,241	90,190	76,302	724,733
Lease	33,803	0	0	33,803
Interest	7,462	0	0	7,462
Prepaid items	8,539	854	1,708	11,101
Due from other funds	0	48,250	0	48,250
	<u>7,486,571</u>	<u>177,806</u>	<u>602,818</u>	<u>8,267,195</u>
Total current assets				
Noncurrent assets				
Lease receivable	207,042	0	0	207,042
Capital assets				
Non-depreciable	4,507,977	0	70,096	4,578,073
Depreciable (net)	29,989,111	242,937	6,831,965	37,064,013
	<u>34,704,130</u>	<u>242,937</u>	<u>6,902,061</u>	<u>41,849,128</u>
Total noncurrent assets				
Total assets				
	<u>42,190,701</u>	<u>420,743</u>	<u>7,504,879</u>	<u>50,116,323</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	51,161	32,110	21,909	105,180
LIABILITIES				
Current liabilities				
Accounts payable	175,026	1,220	9,121	185,367
Compensated absences	32,129	2,319	5,422	39,870
Unearned revenue	1,921,104	0	0	1,921,104
Due to other funds	1,046,041	0	0	1,046,041
Notes payable	36,427	0	0	36,427
Liabilities payable from restricted assets:				
Customer deposits payable	820,728	0	0	820,728
Interest payable	8,814	0	0	8,814
Bonds payable	575,000	0	0	575,000
	<u>4,615,269</u>	<u>3,539</u>	<u>14,543</u>	<u>4,633,351</u>
Total current liabilities				

See accompanying notes to the financial statements.

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2024

	Business Type			Totals
	Water and Sewer	Solid Waste Management	Storm Water	
Noncurrent liabilities				
Net pension liability	\$ 118,351	\$ 60,464	\$ 50,682	\$ 229,497
Bonds payable	1,485,000	0	0	1,485,000
Total noncurrent liabilities	<u>1,603,351</u>	<u>60,464</u>	<u>50,682</u>	<u>1,714,497</u>
Total liabilities	<u>6,218,620</u>	<u>64,003</u>	<u>65,225</u>	<u>6,347,848</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases	203,286	0	0	203,286
Deferred inflows related to pension	69,569	3,515	4,277	77,361
Total deferred inflows of resources	<u>272,855</u>	<u>3,515</u>	<u>4,277</u>	<u>280,647</u>
NET POSITION				
Net investment in capital assets	32,400,661	242,937	6,895,265	39,538,863
Restricted for capital	5,517,070	0	0	5,517,070
Restricted for debt service	502,179	0	0	502,179
Unrestricted	<u>(2,669,523)</u>	<u>142,398</u>	<u>562,021</u>	<u>(1,965,104)</u>
Total net position	<u>\$ 35,750,387</u>	<u>\$ 385,335</u>	<u>\$ 7,457,286</u>	<u>\$ 43,593,008</u>

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended December 31, 2024

	Business Type			Totals
	Water and Sewer	Solid Waste Management	Storm Water	
OPERATING REVENUES				
Charges for sales and services	\$ 5,485,375	\$ 908,577	\$ 347,243	\$ 6,741,195
Total operating revenues	<u>5,485,375</u>	<u>908,577</u>	<u>347,243</u>	<u>6,741,195</u>
OPERATING EXPENSES				
Costs of sales and services	3,878,485	752,071	127,754	4,758,310
Personal services	569,335	52,379	196,892	818,606
Depreciation	1,174,135	23,499	181,322	1,378,956
Total operating expenses	<u>5,621,955</u>	<u>827,949</u>	<u>505,968</u>	<u>6,955,872</u>
Operating income (loss)	<u>(136,580)</u>	<u>80,628</u>	<u>(158,725)</u>	<u>(214,677)</u>
Non-operating revenues (expenses)				
Interest revenue	17,882	0	0	17,882
Interest expense	(49,520)	0	0	(49,520)
Total non-operating revenues (expenses)	<u>(31,638)</u>	<u>0</u>	<u>0</u>	<u>(31,638)</u>
Income (loss) before capital contributions and transfers	<u>(168,218)</u>	<u>80,628</u>	<u>(158,725)</u>	<u>(246,315)</u>
Capital contributions				
Impact fees	1,437,897	0	0	1,437,897
Capital contributions	6,278,465	0	2,875,060	9,153,525
Total capital contributions	<u>7,716,362</u>	<u>0</u>	<u>2,875,060</u>	<u>10,591,422</u>
Income (loss) before transfers	<u>7,548,144</u>	<u>80,628</u>	<u>2,716,335</u>	<u>10,345,107</u>
Transfers in (out)				
Transfers in	41,713	30,964	0	72,677
Transfers out	(10,000)	0	0	(10,000)
Total transfers in (out)	<u>31,713</u>	<u>30,964</u>	<u>0</u>	<u>62,677</u>
Change in net position	<u>7,579,857</u>	<u>111,592</u>	<u>2,716,335</u>	<u>10,407,784</u>
Net position, January 1, as previously reported	28,171,212	276,937	4,739,492	33,187,641
Change in accounting principle	(682)	(3,194)	1,459	(2,417)
Net position, January 1, as restated	<u>28,170,530</u>	<u>273,743</u>	<u>4,740,951</u>	<u>33,185,224</u>
Net position, December 31	<u>\$ 35,750,387</u>	<u>\$ 385,335</u>	<u>\$ 7,457,286</u>	<u>\$ 43,593,008</u>

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2024

	Business Type			Totals
	Water and Sewer	Solid Waste Management	Storm Water	
Cash flows from operating activities:				
Receipts from customers	\$ 4,945,220	\$ 900,274	\$ 330,042	\$ 6,175,536
Payments to suppliers	(3,954,598)	(804,097)	(132,971)	(4,891,666)
Payments to employees	(591,502)	(49,272)	(203,235)	(844,009)
Other receipts	0	12,400	0	12,400
Net cash provided (used) by operating activities	<u>399,120</u>	<u>59,305</u>	<u>(6,164)</u>	<u>452,261</u>
Cash flows from non-capital financing activities:				
Receipts from other funds	259,885	0	0	259,885
Payments to other funds	<u>0</u>	<u>(48,250)</u>	<u>0</u>	<u>(48,250)</u>
Net cash provided (used) by non-capital financing activities	<u>259,885</u>	<u>(48,250)</u>	<u>0</u>	<u>211,635</u>
Cash flows from capital and related financing activities:				
Receipts of capital contributions	1,437,897	0	0	1,437,897
Receipts from other funds	0	30,964	0	30,964
Payments to other funds	(10,000)	0	0	(10,000)
Interest paid	(52,454)	0	0	(52,454)
Acquisition of capital assets	(530,685)	(205,964)	(72,969)	(809,618)
Payment of capital related accounts payable	(64,703)	0	0	(64,703)
Principal payments - bonds payable	(605,000)	0	0	(605,000)
Principal payments - notes payable	<u>(52,144)</u>	<u>0</u>	<u>(16,527)</u>	<u>(68,671)</u>
Net cash provided (used) by capital and related financing activities	<u>122,911</u>	<u>(175,000)</u>	<u>(89,496)</u>	<u>(141,585)</u>
Cash flows from investing activities:				
Interest received	<u>21,384</u>	<u>0</u>	<u>0</u>	<u>21,384</u>
Net increase (decrease) in cash and cash equivalents	803,300	(163,945)	(95,660)	543,695
Cash and cash equivalents, January 1	<u>6,075,226</u>	<u>202,457</u>	<u>620,468</u>	<u>6,898,151</u>
Cash and cash equivalents, December 31	<u><u>\$ 6,878,526</u></u>	<u><u>\$ 38,512</u></u>	<u><u>\$ 524,808</u></u>	<u><u>\$ 7,441,846</u></u>

CITY OF LOCUST GROVE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2024

	<u>Business Type</u>			<u>Totals</u>
	<u>Water and Sewer</u>	<u>Solid Waste Management</u>	<u>Storm Water</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (136,580)	\$ 80,628	\$ (158,725)	\$ (214,677)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,174,135	23,499	181,322	1,378,956
(Increase) decrease in accounts receivable	(74,967)	4,097	(17,201)	(88,071)
(Increase) decrease in lease receivable	15,475	0	0	15,475
(Increase) decrease in prepaid items	(2,423)	352	(293)	(2,364)
(Increase) decrease in pension deferred outflows	85,657	6,412	8,495	100,564
Increase (decrease) in accounts payable	(73,690)	(52,378)	(4,924)	(130,992)
Increase (decrease) in accrued salaries and expense	0	0	0	0
Increase (decrease) in compensated absences	(3,759)	(2,793)	(4,469)	(11,021)
Increase (decrease) in unearned revenue	(511,650)	0	0	(511,650)
Increase (decrease) in deposits payable	51,316	0	0	51,316
Increase (decrease) in pension deferred inflows	67,103	3,362	3,287	73,752
Increase (decrease) in lease deferred inflows	(20,329)	0	0	(20,329)
Increase (decrease) in net pension liability	(171,168)	(3,874)	(13,656)	(188,698)
Total adjustments	<u>535,700</u>	<u>(21,323)</u>	<u>152,561</u>	<u>666,938</u>
Net cash provided (used) by operating activities	<u>\$ 399,120</u>	<u>\$ 59,305</u>	<u>\$ (6,164)</u>	<u>\$ 452,261</u>
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	\$ 30,122	\$ 38,512	\$ 524,808	\$ 593,442
Restricted cash and cash equivalents	6,848,404	0	0	6,848,404
Total cash and cash equivalents	<u>\$ 6,878,526</u>	<u>\$ 38,512</u>	<u>\$ 524,808</u>	<u>\$ 7,441,846</u>

Noncash investing, capital, and financing activities:

Contributions of capital assets from developers totaled \$9,153,525.
Acquisition of capital assets through accounts payable totaled \$6,796.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

1. Description of Government Unit

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

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

2. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

City of Locust Grove Downtown Development Authority

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

City of Locust Grove Historic Preservation Commission

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Additionally, the City reports the following fund types:

Governmental Fund Types

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

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

Component Units

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

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

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

E. Measurement Focus and Basis of Accounting

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

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

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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

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

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

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

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

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Expenditures/Expenses

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

G. Budgets and Budgetary Accounting

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

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

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

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

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

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

H. Cash and Investments

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

I. Intergovernmental Receivables

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

J. Leases Receivable

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

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

K. Inventories

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

L. Prepaid Items

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

M. Capital Assets

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

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning of the year ended December 31, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Prior to January 1, 2007, neither their historical costs nor related depreciation had historically been reported in the financial statements. For entities the size of the City of Locust Grove, retroactive reporting of infrastructure assets was not required.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

M. Capital Assets, continued

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

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

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

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

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports deferred outflows of resources related to their defined benefit pension plan.

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

O. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits which will be paid to the employees upon separation from City service. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. Sick leave benefits are paid upon separation based on years of service: employees with less than 2 years receive no payout, employees with 2 to 5 years receive 50% of accumulated sick leave, and employees with more than 5 years receive 100% of accumulated sick leave. For sick leave, the City estimates usage of remaining unpaid balances based on historical trends and employee service levels. This estimate reduces the recorded liability for amounts expected to be used prior to separation rather than paid out. In accordance with GASB Statement No. 101, *Compensated Absences*, the liability for compensated absences is recognized in the government-wide and proprietary fund financial statements when it is more likely than not that the benefits will be paid. In governmental funds, a liability is recorded only when benefits have matured and are expected to be liquidated with expendable available financial resources.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

P. Pensions

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

Q. Long-Term Obligations

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

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

R. Capital Contributions

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

S. Fund Balances – Governmental Funds

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

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

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

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

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

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

S. Fund Balances – Governmental Funds, continued

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

T. Net Position Flow Assumption

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

U. Fund Balance Flow Assumption

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

V. Restricted Assets and Restricted Net Position

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

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

W. Comparative Data and Reclassifications

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

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

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

Interest Rate Risk

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

Credit Risk

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

3. Deposit and Investment Risk (continued)

Concentration of Credit Risk

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

Foreign currency risk

The City has no investments denominated in a foreign currency.

4. Accounts Receivable

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

Major Funds		
General Fund		\$ 17,991
Enterprise Funds		
Water and Sewer	\$ 820,380	
Less: Allowances for Uncollectibles	(262,139)	
Solid Waste Management	105,840	
Less: Allowances for Uncollectibles	(15,650)	
Storm Water	<u>76,302</u>	<u>724,733</u>
Total Primary Government		<u><u>\$ 742,724</u></u>

5. Taxes Receivable

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

Major Funds	
General	\$ 1,150,853
Nonmajor Governmental Funds	<u>63,177</u>
Total Primary Government	<u><u>\$ 1,214,030</u></u>

6. Intergovernmental Receivable

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

Major Funds	
SPLOST	\$ 475,753
TSPLOST	<u>358,200</u>
Total Primary Government	<u><u>\$ 833,953</u></u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

7. Leases Receivable

In a previous fiscal year, the City entered into a lease with a communications provider for the right to use land for a tower. The lease term is 168 months, including optional extensions. Annual payments are \$21,396 and provide for annual escalation. Leases receivable are measured as the present value of the future minimum rent payments expected to be received during the lease term at an imputed discount rate of 2.49%. At the end of the current year, leases receivable and the related deferred inflows of resources totaled \$240,845 and \$203,286, respectively, reported in the Water and Sewer Fund. During the current year, the City recognized \$20,329 of lease revenue (reported as charges for services on the statement of revenues, expenditures, and changes in fund balances) and \$6,456 of interest revenue under the lease.

8. Interfund Receivables, Payables, and Transfers

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water and Sewer	\$ 997,791
	SPLOST	430,955
TSPLOST	General	772,437
Solid Waste Management	Water and Sewer	<u>48,250</u>
		<u>\$ 2,249,433</u>

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

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

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

A summary of interfund transfers is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Water and Sewer	\$ 41,713
	Solid Waste Management	20,964
TSPLOST	General	114,702
Water and Sewer	Solid Waste Management	10,000
Nonmajor governmental	General	<u>89,964</u>
		<u>\$ 277,343</u>

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

During the current year, the City transferred prior years' unspent Local Maintenance & Improvement Grant (LMIG) Funds from the TSPLOST Fund to the General Fund. These amounts represent previously restricted LMIG revenues that were released upon expenditure or reclassification. This transfer does not involve TSPLOST proceeds and is solely related to LMIG funds accumulated for eligible transportation projects.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

9. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	\$ 3,093,064	\$ 2,098,066	\$ 0	\$ 5,191,130
Construction in progress	3,289,809	1,299,028	(4,332,675)	256,162
Total non-depreciable assets	<u>6,382,873</u>	<u>3,397,094</u>	<u>(4,332,675)</u>	<u>5,447,292</u>
Depreciable assets				
Buildings and improvements	11,732,270	1,126,858	0	12,859,128
Infrastructure	24,856,223	15,084,702	0	39,940,925
Vehicles and equipment	4,625,324	420,288	(6,036)	5,039,576
Furniture and fixtures	588,262	0	0	588,262
Intangible right-to-use assets				
Software	536,310	421,226	0	957,536
Total depreciable assets	<u>42,338,389</u>	<u>17,053,074</u>	<u>(6,036)</u>	<u>59,385,427</u>
Accumulated depreciation				
Buildings and improvements	(3,076,838)	(365,068)	0	(3,441,906)
Infrastructure	(963,172)	(722,853)	0	(1,686,025)
Vehicles and equipment	(3,107,057)	(385,886)	6,036	(3,486,907)
Furniture and fixtures	(476,883)	(58,399)	0	(535,282)
Intangible right-to-use assets				
Software	(233,899)	(284,436)	0	(518,335)
Total accumulated depreciation	<u>(7,857,849)</u>	<u>(1,816,642)</u>	<u>6,036</u>	<u>(9,668,455)</u>
Total depreciable assets, net	<u>34,480,540</u>	<u>15,236,432</u>	<u>0</u>	<u>49,716,972</u>
Governmental activities capital assets, net	<u>\$ 40,863,413</u>	<u>\$ 18,633,526</u>	<u>\$ (4,332,675)</u>	<u>\$ 55,164,264</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

9. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Non-depreciable assets				
Land	\$ 2,355,375	\$ 0	\$ 0	\$ 2,355,375
Construction in progress	1,886,610	336,088	0	2,222,698
Total non-depreciable assets	<u>4,241,985</u>	<u>336,088</u>	<u>0</u>	<u>4,578,073</u>
Depreciable assets				
Buildings and improvements	17,341,054	0	0	17,341,054
Infrastructure	22,563,691	9,153,524	0	31,717,215
Vehicles and equipment	3,203,880	480,327	0	3,684,207
Total depreciable assets	<u>43,108,625</u>	<u>9,633,851</u>	<u>0</u>	<u>52,742,476</u>
Accumulated depreciation				
Buildings and improvements	(7,446,722)	(556,223)	0	(8,002,945)
Infrastructure	(4,855,738)	(611,040)	0	(5,466,778)
Vehicles and equipment	(1,997,047)	(211,693)	0	(2,208,740)
Total accumulated depreciation	<u>(14,299,507)</u>	<u>(1,378,956)</u>	<u>0</u>	<u>(15,678,463)</u>
Total depreciable assets, net	<u>28,809,118</u>	<u>8,254,895</u>	<u>0</u>	<u>37,064,013</u>
Business-type activities capital assets, net	<u>\$ 33,051,103</u>	<u>\$ 8,590,983</u>	<u>\$ 0</u>	<u>\$ 41,642,086</u>

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

Primary Government

Governmental activities

General Government	\$ 224,761
Judicial	10,158
Public Safety	556,396
Public Works	857,707
Culture and Recreation	101,238
Housing and Development	<u>66,382</u>
Total depreciation/amortization expense for governmental activities	<u>\$ 1,816,642</u>

Business-type activities

Water and Sewer	\$ 1,174,135
Solid Waste Management	23,499
Storm Water	<u>181,322</u>
Total depreciation/amortization expense for business-type activities	<u>\$ 1,378,956</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

10. Long-Term Debt

Governmental Activities

General Obligation Bonds

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

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

General Obligation Sales Tax Bonds, Series 2022: During the year ended December 31, 2022, the City of Locust Grove, Georgia issued \$6,955,000 of General Obligation Sales Tax Bonds, Series 2022. The proceeds from the bonds are to be used to fund a portion of the 2022 TSPLOST City of Locust Grove projects. The bonds are direct and general obligations of the City. The principal of and interest on the Bonds are payable first from a one percent sales and use tax received by the City. To the extent that the proceeds of the Sales and Use Tax received by the City are insufficient to make such payments, the principal of and interest on the Bonds are payable from an ad valorem tax, unlimited as to rate or amount, which may be levied upon all taxable property within the territorial limits of the City subject to taxation for general obligation bond purposes.

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

Year Ending December 31,	Principal	Interest	Total
2025	\$ 1,435,000	\$ 182,375	\$ 1,617,375
2026	1,455,000	110,125	1,565,125
2027	1,475,000	36,875	1,511,875
Totals	<u>\$ 4,365,000</u>	<u>\$ 329,375</u>	<u>\$ 4,694,375</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

10. Long-Term Debt (continued)

Governmental Activities, continued

Notes from Direct Borrowings

During the year ended December 31, 2024, the City entered into a direct borrowing agreement with the Georgia Transportation Infrastructure Bank (GTIB) through the State Road and Tollway Authority in the amount of \$2,000,000 to finance improvements to the Peeksville Connector. Monthly installments of principal and interest are due beginning on the first day of the calendar month following the date that the loan is fully disbursed (the Amortization Commencement Date); interest at 2.590%. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes, fees, and charges collected by the City. As of December 31, 2024, there have been no draw downs on this note.

Finance Purchases

The City entered into a finance agreement for the acquisition of certain equipment. The agreement bears interest at 5.875% and requires annual payments through June 2028. The balance outstanding at the end of the current year is \$91,717.

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

Year Ending December 31,	Principal	Interest	Total
2025	\$ 20,980	\$ 5,463	\$ 26,443
2026	22,230	4,213	26,443
2027	23,554	2,889	26,443
2028	24,953	1,490	26,443
Totals	<u>\$ 91,717</u>	<u>\$ 14,055</u>	<u>\$ 105,772</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

10. Long-Term Debt (continued)

Governmental Activities, continued

Subscriptions Payable

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

- \$376,848 networking software due in monthly installments of \$12,870 through June 2025, interest at 1.888%, \$76,798 outstanding.
- \$33,481 utility analytics software due in annual installments ranging from \$8,240 to \$13,911 through December 2025, interest at 0.590%, \$13,829 outstanding.
- \$100,757 accounting software due in annual installments of \$50,658 through January 2024, interest at 0.369%. This obligation was paid in full during the current year.
- \$25,224 body camera software due in annual installments ranging from \$12,915 to \$18,748 through February 2024, interest at 1.679%. This obligation was paid in full during the current year.
- \$104,709 traffic camera software due in annual installments of \$22,500 through February 2028, interest at 2.231%, \$85,149 outstanding.
- \$313,817 fleet camera software due in annual installments ranging from \$53,612 to \$69,388 through April 2028, interest at 2.607%, \$260,205 outstanding.

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

Year Ending December 31,	Principal	Interest	Total
2025	\$ 173,741	\$ 9,290	\$ 183,031
2026	85,227	6,671	91,898
2027	87,395	4,503	91,898
2028	89,618	2,280	91,898
Totals	<u>\$ 435,981</u>	<u>\$ 22,744</u>	<u>\$ 458,725</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

10. Long-Term Debt (continued)

Business-Type Activities

Bonds Payable from Direct Placement

Revenue bonds have been issued for business-type activities and are comprised of the following at the end of the current year:

On May 10, 2016, the City issued \$6,785,000 in Water and Sewerage Refunding Revenue Bonds, Series 2016, with an interest rate of 2%. The \$6,785,000 revenue bonds are due in semi-annual installments through April 1, 2029; interest at 2.00% (\$2,060,000 outstanding), for the refunding of the 2013 Water and Sewerage Revenue Series Bonds, which were issued for the expansion of the water and sewer system in the City of Locust Grove. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable and the bondholders may proceed to protect and enforce the rights of the bondholders by a suit, action, or special proceeding in equity, or at law, either for the appointment of a receiver of the water/sewer system. The bonds are secured by a pledge of the net revenues derived from the operation of the water/sewer system.

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

Year Ending December 31,	Principal	Interest	Total
2025	\$ 575,000	\$ 35,450	\$ 610,450
2026	590,000	23,800	613,800
2027	405,000	13,850	418,850
2028	350,000	6,300	356,300
2029	140,000	1,400	141,400
Totals	<u>\$ 2,060,000</u>	<u>\$ 80,800</u>	<u>\$ 2,140,800</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

10. Long-Term Debt (continued)

Business-Type Activities, continued

Notes from Direct Borrowings

During the year ended December 31, 2024, the City entered into a direct borrowing agreement with the Georgia Environmental Finance Authority (GEFA) in the amount of \$12,000,000 to finance improvements to the City’s wastewater collection system and rehabilitation of the Indian Creek Water Pollution Control Plant. Monthly installments of principal and interest are due beginning on the first day of the calendar month following the date that the loan is fully disbursed (the Amortization Commencement Date) for 239 months; interest at 2.850%. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes, fees, and charges collected by the City. As of December 31, 2024, there have been no draw downs on this note.

During the year ended December 31, 2020, the City entered into a \$174,000 note payable with a financial institution to purchase a vehicle. The note has a balance of \$36,427 at December 31, 2024, bears interest at 2.285%, requires annual payments of \$37,365, and matures on August 10, 2025. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes, fees, and charges collected by the City.

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

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

Year Ending December 31,	Principal	Interest	Total
2025	\$ 36,427	\$ 882	\$ 37,309

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

11. Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable	\$ 5,725,000	\$ 0	\$ (1,360,000)	\$ 4,365,000	\$ 1,435,000
Original issue premium	546,117	0	(136,530)	409,587	136,529
Net bonds payable	<u>6,271,117</u>	<u>0</u>	<u>(1,496,530)</u>	<u>4,774,587</u>	<u>1,571,529</u>
Notes from direct borrowings	111,500	0	(19,783)	91,717	20,980
Subscriptions payable	316,347	421,226	(301,592)	435,981	173,741
Compensated absences	729,420	131,135	0	860,555	860,555
Total governmental activities	<u>\$ 7,428,384</u>	<u>\$ 552,361</u>	<u>\$ (1,817,905)</u>	<u>\$ 6,162,840</u>	<u>\$ 2,626,805</u>
Business-type activities					
Bonds from direct placement	\$ 2,665,000	\$ 0	\$ (605,000)	\$ 2,060,000	\$ 575,000
Notes from direct borrowings	105,098	0	(68,671)	36,427	36,427
Compensated absences	50,892	0	(11,022)	39,870	39,870
Total business-type activities	<u>\$ 2,820,990</u>	<u>\$ 0</u>	<u>\$ (684,693)</u>	<u>\$ 2,136,297</u>	<u>\$ 651,297</u>

Beginning balances of the governmental activities and business-type activities have been restated for the implementation of GASB Statement No. 101, *Compensated Absences*. The restatement increased beginning compensated absences by \$7,705 in the governmental activities and \$2,417 in the business-type activities.

Revenue bond discounts/premiums are amortized over the life of the related debt using the straight-line method.

The additions and deductions noted for compensated absences reflect the net change for the year.

Total interest expense governmental activities is \$120,481 and \$49,520 for the business-type activities.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

12. Pension Plan

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

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the City but shall be allocated to employees. All employees are eligible for immediate participation. Officials are covered under the plan and are eligible for immediate participation.

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

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

At July 1, 2024, the date of the most recent actuarial valuation, the City had the following participants:

Retirees and beneficiaries currently receiving benefits	18
Terminated vested participants entitled to but not yet receiving benefits	47
Active participants	<u>85</u>
Total number of participants	<u><u>150</u></u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

12. Pension Plan (continued)

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

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. The City's actuarially determined contribution rate for the current year was \$422,248, or 7.95% of covered payroll. The City's covered payroll for employees participating in the Plan for the current year was \$5,313,961. The Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy. The administrative expenses set by contract with GMEBS are in addition to the state-required annual funding requirement. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current year, the City reported a net pension liability of \$2,586,448,. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2024. For the governmental activities, the net pension liability is liquidated by the General Fund. For the current year, the City recognized pension expense in the amount of \$695,156.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

12. Pension Plan (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 749,794	\$ 0
Net difference between projected and actual earnings on pension plan investments	0	(150,344)
Changes in participant fund allocation	64,020	(64,020)
City contributions subsequent to the measurement date	368,283	0
Totals	\$ 1,182,097	\$ (214,364)

The \$368,283 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability during the next year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31,		
2025	\$	177,776
2026		267,892
2027		174,074
2028		(20,292)
Totals	\$	599,450

Actuarial Assumptions. The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	2.25% plus service based merit increases
Cost of living adjustments	N/A
Net investment rate of return	7.375%
Actuarial cost method	Projected unit credit
Amortization method	Level percent of payroll, using 2.25% annual increases
Remaining amortization period	10-30 years (closed periods)

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

12. Pension Plan (continued)

Healthy mortality rates were based on the Sex-Distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the Sex-Distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25. Plan termination basis is based on the 1994 Group Annuity Reserving Unisex Table.

The mortality and economic actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2019.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2024 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%	6.91%
International equity	20%	7.21%
Domestic fixed income	20%	1.61%
Real estate	10%	3.61%
Global fixed income	5%	1.67%
Total	<u>100%</u>	

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

12. Pension Plan (continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 3/31/2023	\$ 6,849,640	\$ 4,179,632	\$ 2,670,008
Changes for the year:			
Service cost	230,512	0	230,512
Interest	516,162	0	516,162
Differences between expected and actual experience	311,974	0	311,974
Contributions—employer	0	422,248	(422,248)
Net investment income	0	730,859	(730,859)
Benefit payments, including refunds of employee contributions	(162,679)	(162,679)	0
Administrative expense	0	(10,899)	10,899
Net changes	895,969	979,529	(83,560)
Balances at 3/31/2024	\$ 7,745,609	\$ 5,159,161	\$ 2,586,448

Plan fiduciary net position as a percentage of the total pension liability	66.61%
Covered payroll	\$ 4,800,532
Employer's net pension liability as percentage of covered payroll	53.88%

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

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.375%	\$ 3,717,228
Current discount rate	7.375%	2,586,448
1% increase	8.375%	1,648,831

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

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

13. Deferred Compensation Plans

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

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

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

During the current year, the City contributed \$71,163 to the plans based on covered salaries of \$2,579,329. Plan members made voluntary contributions of \$170,612 to the plans. Total payroll was \$5,430,542.

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

14. Unearned Revenue

In a prior period, the City received water and sewer connection fees from private developers in the amount of \$7,369,600. As a result of the payment, the developers own credits to be applied to future water and sewer connections for subsequent development projects. The developers subsequently transferred the credits to a bank as part of a settlement agreement. At year end, the bank held \$1,921,104 in connection fee credits toward future water and sewer connections in the City. During the year, the City recognized \$511,650 in water and sewer connection fees related to the use of these credits.

15. Nonspendable, Restricted, Committed, and Assigned Fund Balances

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

	<u>General</u>	<u>SPLOST</u>	<u>TSPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Prepaid items	\$ 61,479	\$ 0	\$ 0	\$ 1,708	\$ 63,187
Restricted for:					
Public Safety					
Police facilities and equipment	\$ 0	\$ 0	\$ 0	\$ 27,334	\$ 27,334
Public Works					
Tree Replacement	58,125	0	0	0	58,125
Housing and Development					
Promotion of tourism, conventions and trade shows	0	0	0	37,411	37,411
Capital Projects	246,616	3,602,210	6,716,552	2,765,159	13,330,537
	<u>\$ 304,741</u>	<u>\$ 3,602,210</u>	<u>\$ 6,716,552</u>	<u>\$ 2,829,904</u>	<u>\$ 13,453,407</u>
Assigned for:					
Subsequent year's budget	\$ 1,207,720	\$ 0	\$ 0	\$ 0	\$ 1,207,720
Governmental projects	500,000	0	0	0	500,000
Housing and Development					
Promotion of tourism, conventions and trade shows	0	0	0	1,427,916	1,427,916
	<u>\$ 1,707,720</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,427,916</u>	<u>\$ 3,135,636</u>

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

16. Joint Ventures

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

17. Hotel/Motel Lodging Tax

The City has levied an 8% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(b)(2). The City is required to spend, of the total taxes collected, an amount equal to at least 43.75% for the purpose of promoting tourism, conventions, and trade shows and 18.75% for the purpose of tourism product development in the downtown area. A summary of the transactions for the year ending December 31, 2024 follows:

Lodging tax receipts	\$992,224
Disbursements to promote tourism, conventions, and trade shows and tourism product development in the downtown area.	\$953,398 96% of tax receipts
Transfers to General Fund	\$89,964 9% of tax receipts

18. Risk Management

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

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

18. Risk Management (continued)

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

19. Commitments and Contingencies

The City has active construction projects at the end of the current year. At year end, the City had \$248,332 in outstanding commitments with contractors.

The City is involved in legal matters, which either have or could result in litigation. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City. The City will continue to assert its position in a defense against these claims.

20. Transportation Expenditures

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

Total general fund expenditures within these categories totaled \$1,815,578 for the current year.

21. New Accounting Pronouncements

The City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for the City's current year. The requirements of this statement are effective for periods beginning after June 15, 2023. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 101, *Compensated Absences*, effective for the City's current year. The requirements of this statement are effective for periods beginning after December 15, 2023. The implementation of this new standard decreased the City's net position by \$10,122. See Note 22 for more details on the restatement.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

22. Changes in Beginning Balances

Changes in Accounting Principle

Governmental Activities

To implement GASB Statement No. 101, *Compensated Absences*, the City restated beginning net position. The implementation of this standard decreased beginning net position in the amount of \$7,705.

Business-type Activities

Water and Sewer Fund

To implement GASB Statement No. 101, *Compensated Absences*, the City restated beginning net position. The implementation of this standard decreased beginning net position in the amount of \$682.

Solid Waste Management Fund

To implement GASB Statement No. 101, *Compensated Absences*, the City restated beginning net position. The implementation of this standard decreased beginning net position in the amount of \$3,194.

Storm Water Fund

To implement GASB Statement No. 101, *Compensated Absences*, the City restated beginning net position. The implementation of this standard increased beginning net position in the amount of \$1,459.

The net effect of these restatements was a decrease to beginning net position of \$2,417.

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

22. Changes in Beginning Balances (continued)

A summary of the changes in beginning balances is presented below:

	<u>Beginning as Previously Reported</u>	<u>Changes in Accounting Principles</u>	<u>Beginning as Restated</u>
Government-Wide			
Governmental Activities	\$ 55,243,422	\$ (7,705)	\$ 55,235,717
Business-type Activities	33,187,641	(2,417)	33,185,224
Total Government-Wide	<u>\$ 88,431,063</u>	<u>\$ (10,122)</u>	<u>\$ 88,420,941</u>
Proprietary Funds			
Water and Sewer	\$ 28,171,212	\$ (682)	\$ 28,170,530
Solid Waste Management	276,937	(3,194)	273,743
Storm Water	4,739,492	1,459	4,740,951
Total Proprietary Funds	<u>\$ 33,187,641</u>	<u>\$ (2,417)</u>	<u>\$ 33,185,224</u>

23. Subsequent Events

Subsequent to December 31, 2024, the City entered into an agreement with Axon Enterprise, Inc. to subscribe to software associated with Police Department body cameras. Upon inception of the agreement, the City will record an intangible right-to-use capital asset and a subscription payable equal to the present value of all future subscription payments in the amount of \$583,955.

Subsequent to December 31, 2024, the City approved a significant capital project with total estimated costs of \$458,293 to resurface 11 City roads with LMIG funds.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOCUST GROVE, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
For the year ended December 31, 2024
(Unaudited)

	Fiscal Year		
	2024	2023	2022
Total pension liability			
Service cost	\$ 230,512	\$ 195,349	\$ 168,597
Interest	516,162	450,747	389,234
Differences between expected and actual experience	311,974	367,998	415,201
Changes of assumptions	0	0	0
Changes of benefit terms	0	0	0
Benefit payments, including refunds of employee contributions	(162,679)	(161,859)	(169,556)
Net change in total pension liability	895,969	852,235	803,476
Total pension liability - beginning	6,849,640	5,997,405	5,193,929
Total pension liability - ending (a)	7,745,609	6,849,640	5,997,405
Plan fiduciary net position			
Contributions - employer	\$ 422,248	\$ 342,385	\$ 254,802
Net investment income	730,859	(281,061)	242,100
Benefit payments, including refunds of employee contributions	(162,679)	(161,859)	(169,556)
Administrative expense	(10,899)	(12,326)	(11,293)
Net change in total pension liability	979,529	(112,861)	316,053
Plan fiduciary net position - beginning	4,179,632	4,292,493	3,976,440
Plan fiduciary net position - ending (b)	\$ 5,159,161	\$ 4,179,632	\$ 4,292,493
Net pension liability (asset) - ending : (a) - (b)	\$ 2,586,448	\$ 2,670,008	\$ 1,704,912
Plan's fiduciary net position as a percentage of the total pension liability	66.61%	61.02%	71.57%
Covered payroll	\$ 4,800,532	\$ 4,215,695	\$ 3,664,716
Net pension liability as a percentage of covered payroll	53.88%	63.33%	46.52%

Fiscal Year

	2021	2020	2019	2018	2017	2016	2015
\$	141,761	\$ 130,947	\$ 102,392	\$ 114,007	\$ 119,528	\$ 104,748	\$ 74,722
	321,625	304,198	264,456	236,950	227,535	206,702	181,677
	566,669	(21,369)	2,589	70,462	(137,342)	41,791	167,555
	0	(10,451)	0	38,371	0	0	(17,971)
	0	0	233,519	0	0	0	0
	(110,772)	(107,415)	(95,823)	(91,224)	(85,250)	(83,598)	(82,566)
	919,283	295,910	507,133	368,566	124,471	269,643	323,417
	4,274,646	3,978,736	3,471,603	3,103,037	2,978,566	2,708,923	2,385,506
	<u>5,193,929</u>	<u>4,274,646</u>	<u>3,978,736</u>	<u>3,471,603</u>	<u>3,103,037</u>	<u>\$ 2,978,566</u>	<u>\$ 2,708,923</u>
\$	231,163	\$ 183,219	\$ 157,901	\$ 157,840	\$ 141,537	\$ 114,820	\$ 124,851
	1,216,728	(204,152)	96,959	288,521	254,578	6,713	171,322
	(110,772)	(107,415)	(95,823)	(91,224)	(85,250)	(83,598)	(82,566)
	(10,627)	(11,325)	(11,721)	(10,094)	(10,015)	(6,438)	(5,206)
	1,326,492	(139,673)	147,316	345,043	300,850	31,497	208,401
	2,649,948	2,789,621	2,642,305	2,297,262	1,996,412	1,964,915	1,756,514
	<u>\$ 3,976,440</u>	<u>\$ 2,649,948</u>	<u>\$ 2,789,621</u>	<u>\$ 2,642,305</u>	<u>\$ 2,297,262</u>	<u>\$ 1,996,412</u>	<u>\$ 1,964,915</u>
\$	<u>1,217,489</u>	<u>\$ 1,624,698</u>	<u>\$ 1,189,115</u>	<u>\$ 829,298</u>	<u>\$ 805,775</u>	<u>\$ 982,154</u>	<u>\$ 744,008</u>
	76.56%	61.99%	70.11%	76.11%	74.03%	67.03%	72.53%
\$	3,461,296	\$ 3,159,596	\$ 2,594,568	\$ 2,143,962	\$ 2,173,333	\$ 2,278,667	\$ 2,152,833
	35.17%	51.42%	45.83%	38.68%	37.08%	43.10%	34.56%

CITY OF LOCUST GROVE, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
For the year ended December 31, 2024
(Unaudited)

	Fiscal Year		
	2024	2023	2022
Actuarially determined contribution	\$ 422,248	\$ 399,316	\$ 323,408
Contributions in relation to the actuarially determined contribution	<u>(422,248)</u>	<u>(399,316)</u>	<u>(323,408)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 5,313,961	\$ 4,808,932	\$ 4,555,298
Contributions as a percentage of covered payroll	7.95%	8.30%	7.10%

Fiscal Year

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 230,906	\$ 167,323	\$ 154,360	\$ 167,323	\$ 159,400	\$ 135,583	\$ 107,899
<u>(230,906)</u>	<u>(167,323)</u>	<u>(154,360)</u>	<u>(167,323)</u>	<u>(159,400)</u>	<u>(135,583)</u>	<u>(107,899)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 3,769,489	\$ 3,461,296	\$ 2,594,568	\$ 2,143,962	2,173,333	\$ 2,278,667	\$ 2,152,833
6.13%	4.83%	5.95%	7.80%	7.33%	5.95%	5.01%

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2024, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending December 31, 2025.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 13 years

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

Net investment rate of return = 7.375%

Projected salary increases = 2.25% plus service based merit increases

Cost of living adjustments = N/A

Retirement age for inactive vested participants = 65

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

CITY OF LOCUST GROVE, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

3. Changes in Benefits

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

4. Changes of Assumptions

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

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SUPPLEMENTARY INFORMATION

CITY OF LOCUST GROVE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2024

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Confiscated Assets</u>	<u>Hotel/Motel Tax</u>	<u>Developmental Impact</u>	
ASSETS				
Cash and cash equivalents	\$ 27,334	\$ 1,479,141	\$ 2,765,159	\$ 4,271,634
Taxes receivable	0	63,177	0	63,177
Prepaid items	0	1,708	0	1,708
Total assets	<u>\$ 27,334</u>	<u>\$ 1,544,026</u>	<u>\$ 2,765,159</u>	<u>\$ 4,336,519</u>
LIABILITIES				
Accounts payable	\$ 0	\$ 76,991	\$ 0	\$ 76,991
FUND BALANCES				
Nonspendable for prepaid items	0	1,708	0	1,708
Restricted:				
Public Safety	27,334	0	0	27,334
Housing and Development	0	37,411	0	37,411
Capital projects	0	0	2,765,159	2,765,159
Assigned for Housing and Development	0	1,427,916	0	1,427,916
Total fund balances	<u>27,334</u>	<u>1,467,035</u>	<u>2,765,159</u>	<u>4,259,528</u>
Total liabilities and fund balances	<u>\$ 27,334</u>	<u>\$ 1,544,026</u>	<u>\$ 2,765,159</u>	<u>\$ 4,336,519</u>

CITY OF LOCUST GROVE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2024

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Confiscated Assets</u>	<u>Hotel/Motel Tax</u>	<u>Developmental Impact</u>	
REVENUES				
Taxes	\$ 0	\$ 992,224	\$ 0	\$ 992,224
Fines, fees, and forfeitures	2,765	0	0	2,765
Charges for services	0	0	614,060	614,060
Interest	0	1,425	5,100	6,525
Total revenues	<u>2,765</u>	<u>993,649</u>	<u>619,160</u>	<u>1,615,574</u>
EXPENDITURES				
Current				
Public Safety	18,508	0	106,443	124,951
Culture and Recreation	0	0	59,784	59,784
Housing and Development	0	953,398	0	953,398
Total expenditures	<u>18,508</u>	<u>953,398</u>	<u>166,227</u>	<u>1,138,133</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(15,743)	40,251	452,933	477,441
Other Financing Sources (Uses)				
Transfers out	0	(89,964)	0	(89,964)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(15,743)	(49,713)	452,933	387,477
Fund balances, January 1	<u>43,077</u>	<u>1,516,748</u>	<u>2,312,226</u>	<u>3,872,051</u>
Fund balances, December 31	<u>\$ 27,334</u>	<u>\$ 1,467,035</u>	<u>\$ 2,765,159</u>	<u>\$ 4,259,528</u>

CITY OF LOCUST GROVE, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 6,816,964	\$ 7,577,317
Restricted assets		
Cash and cash equivalents	58,125	58,125
Receivables (net)		
Accounts	17,991	23,690
Taxes	1,150,853	1,109,614
Due from other funds	1,428,746	1,218,167
Prepaid items	<u>61,479</u>	<u>50,022</u>
Total assets	<u><u>\$ 9,534,158</u></u>	<u><u>\$ 10,036,935</u></u>
 LIABILITIES		
Accounts payable	\$ 143,903	\$ 121,580
Accrued salaries and expenses	3,433	0
Due to other funds	772,437	723,774
Due to others	<u>112,666</u>	<u>93,069</u>
 Total liabilities	<u>1,032,439</u>	<u>938,423</u>
 FUND BALANCES		
Nonspendable prepaid items	61,479	50,022
Restricted for Public Works	58,125	58,125
Restricted for capital projects	246,616	0
Assigned for budget	1,207,720	2,768,735
Assigned for government projects	500,000	1,000,000
Unassigned	<u>6,427,779</u>	<u>5,221,630</u>
 Total fund balances	<u>8,501,719</u>	<u>9,098,512</u>
 Total liabilities and fund balances	<u><u>\$ 9,534,158</u></u>	<u><u>\$ 10,036,935</u></u>

CITY OF LOCUST GROVE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the years ended December 31, 2024 and 2023

	2024	2023
REVENUES		
Taxes	\$ 6,276,577	\$ 5,879,125
Licenses and permits	2,064,644	658,148
Fines, fees and forfeitures	967,315	854,474
Charges for services	1,330,408	988,557
Intergovernmental	135,892	166,761
Interest	411,816	159,688
Other	33,045	106,482
Total revenues	11,219,697	8,813,235
EXPENDITURES		
Current		
General Government	3,503,529	2,041,064
Judicial	576,603	452,761
Public Safety	4,354,510	3,444,860
Public Works	1,891,491	1,798,977
Culture and Recreation	93,844	66,579
Housing and Development	1,628,782	1,243,848
Debt Service	331,926	226,794
Total expenditures	12,380,685	9,274,883
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(1,160,988)	(461,648)
Other Financing Sources (Uses)		
Transfers in (out)		
Transfer in	204,666	105,000
Transfers out	(62,677)	0
Sale of capital assets	980	17,308
Proceeds from issuance of debt	421,226	111,500
Total other financing sources (uses)	564,195	233,808
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(596,793)	(227,840)
Fund balances, January 1	9,098,512	9,326,352
Fund balances, December 31	\$ 8,501,719	\$ 9,098,512

CITY OF LOCUST GROVE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2024
(with comparative totals for the year ended December 31, 2023)

	2024			2023
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
Motor vehicle and title ad valorem tax	\$ 354,000	\$ 360,621	\$ 6,621	\$ 349,006
Local option sales tax	3,350,000	3,347,424	(2,576)	3,271,761
Intangible tax	67,500	67,766	266	35,178
Real estate transfer tax	27,500	27,959	459	20,304
Franchise tax	735,000	862,362	127,362	754,859
Insurance premium tax	855,000	853,855	(1,145)	793,528
Alcohol tax	350,000	377,106	27,106	363,047
Occupational tax	365,600	331,212	(34,388)	248,188
Street Lighting tax	50,000	48,272	(1,728)	43,254
Total taxes	6,154,600	6,276,577	121,977	5,879,125
Licenses and Permits				
Building permits	2,050,000	1,943,382	(106,618)	556,292
Alcohol licenses and penalties	82,500	79,100	(3,400)	79,000
Regulatory fees	44,500	42,162	(2,338)	22,856
Total licenses and permits	2,177,000	2,064,644	(112,356)	658,148
Fines, fees and forfeitures				
	900,000	967,315	67,315	854,474
Charges for Services				
Cemetery lot sales	15,230	14,900	(330)	2,600
Police charges	9,500	8,390	(1,110)	8,395
Planning and zoning charges	486,500	469,002	(17,498)	115,267
Indirect expenses	835,000	834,666	(334)	857,000
Other	13,700	3,450	(10,250)	5,295
Total charges for services	1,359,930	1,330,408	(29,522)	988,557
Intergovernmental				
	400,500	135,892	(264,608)	166,761
Interest				
	500,250	411,816	(88,434)	159,688
Other				
	70,100	33,045	(37,055)	106,482
Total revenues	\$ 11,562,380	\$ 11,219,697	\$ (342,683)	\$ 8,813,235

CITY OF LOCUST GROVE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2024
(with comparative totals for the year ended 2023)

	<u>2024</u>			<u>2023</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	\$ 107,000	\$ 88,703	\$ 18,297	\$ 92,861
Contractual services	118,750	100,996	17,754	80,490
Materials and supplies	1,250	1,120	130	142
Total Mayor and Council	<u>227,000</u>	<u>190,819</u>	<u>36,181</u>	<u>173,493</u>
Administration				
Personal services	1,198,000	998,523	199,477	920,349
Contractual services	619,358	595,044	24,314	565,095
Materials and supplies	247,700	204,101	43,599	233,482
Capital outlay	1,557,006	1,515,042	41,964	148,645
Total Administration	<u>3,622,064</u>	<u>3,312,710</u>	<u>309,354</u>	<u>1,867,571</u>
Total General Government	<u>3,849,064</u>	<u>3,503,529</u>	<u>345,535</u>	<u>2,041,064</u>
Judicial				
Municipal Court				
Personal services	242,300	199,733	42,567	164,765
Contract services	100,406	90,808	9,598	59,664
Materials and supplies	7,000	22,871	(15,871)	11,479
Capital outlay	4,250	0	4,250	0
Payments to others	307,750	263,191	44,559	216,853
Total Municipal Court	<u>661,706</u>	<u>576,603</u>	<u>85,103</u>	<u>452,761</u>
Public Safety				
Police				
Personal services	3,625,500	3,028,807	596,693	2,585,766
Contractual services	432,031	495,312	(63,281)	457,934
Materials and supplies	176,500	178,458	(1,958)	152,607
Capital outlay	253,000	648,433	(395,433)	248,553
Payments to others	3,500	3,500	0	0
Total Police	<u>4,490,531</u>	<u>4,354,510</u>	<u>136,021</u>	<u>3,444,860</u>

CITY OF LOCUST GROVE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2024
(with comparative totals for the year ended 2023)

	<u>2024</u>			<u>2023</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Public Works				
Streets				
Personal services	\$ 1,394,000	\$ 1,205,573	\$ 188,427	\$ 946,940
Contractual services	299,775	255,442	44,333	201,434
Materials and supplies	365,500	354,563	10,937	356,239
Capital outlay	279,500	0	279,500	181,415
Total Streets	<u>2,338,775</u>	<u>1,815,578</u>	<u>523,197</u>	<u>1,686,028</u>
Fleet Maintenance				
Personal services	44,000	38,194	5,806	53,968
Contractual services	11,325	6,022	5,303	5,618
Materials and supplies	23,800	18,339	5,461	32,105
Capital outlay	14,500	11,432	3,068	0
Total Fleet Maintenance	<u>93,625</u>	<u>73,987</u>	<u>19,638</u>	<u>91,691</u>
Cemetery				
Contractual services	3,500	0	3,500	2,558
Materials and supplies	2,000	1,926	74	5,500
Capital outlay	9,980	0	9,980	13,200
Total Cemetery	<u>15,480</u>	<u>1,926</u>	<u>13,554</u>	<u>21,258</u>
Total Public Works	<u>2,447,880</u>	<u>1,891,491</u>	<u>556,389</u>	<u>1,798,977</u>
Culture and Recreation				
Parks and Recreation				
Contractual services	51,500	46,098	5,402	23,583
Materials and supplies	52,500	47,746	4,754	42,996
Capital outlay	1,500	0	1,500	0
Total Parks and Recreation	<u>105,500</u>	<u>93,844</u>	<u>11,656</u>	<u>66,579</u>
Housing and Development				
Community Development				
Personal services	940,200	816,484	123,716	686,073
Contractual services	705,980	684,576	21,404	502,343
Materials and supplies	76,800	75,716	1,084	49,250
Capital outlay	53,000	52,006	994	6,182
Total Community Development	<u>1,775,980</u>	<u>1,628,782</u>	<u>147,198</u>	<u>1,243,848</u>
Debt Service				
Principal	322,000	321,375	625	219,963
Interest	10,000	10,551	(551)	6,831
Total Debt Service	<u>332,000</u>	<u>331,926</u>	<u>74</u>	<u>226,794</u>
Total expenditures	<u>\$ 13,662,661</u>	<u>\$ 12,380,685</u>	<u>\$ 1,281,976</u>	<u>\$ 9,274,883</u>

SPECIAL REVENUE FUNDS

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

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

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

CITY OF LOCUST GROVE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 27,334	\$ 43,077
 FUND BALANCES		
Restricted for Public Safety	\$ 27,334	\$ 43,077

CITY OF LOCUST GROVE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2024
(with comparative totals for the year ended December 31, 2023)

	2024			2023
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	\$ 22,000	\$ 2,765	\$ (19,235)	\$ 29,162
EXPENDITURES				
Current				
Public Safety				
Contract services	5,000	18,508	(13,508)	0
Materials and supplies	1,000	0	1,000	614
Capital outlay	16,000	0	16,000	0
Total expenditures	<u>22,000</u>	<u>18,508</u>	<u>3,492</u>	<u>614</u>
Excess (deficiency) of revenues over (under) expenditures	0	(15,743)	(15,743)	28,548
Fund balances, January 1	<u>0</u>	<u>43,077</u>	<u>43,077</u>	<u>14,529</u>
Fund balances, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 27,334</u></u>	<u><u>\$ 27,334</u></u>	<u><u>\$ 43,077</u></u>

CITY OF LOCUST GROVE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,479,141	\$ 1,423,846
Taxes receivable	63,177	170,313
Prepaid items	1,708	1,206
Total assets	\$ 1,544,026	\$ 1,595,365
 LIABILITIES		
Accounts payable	\$ 76,991	\$ 78,617
 FUND BALANCES		
Nonspendable prepaid items	1,708	1,206
Restricted for Housing and Development	37,411	370,580
Assigned for Housing and Development	1,427,916	1,144,962
Total fund balances	1,467,035	1,516,748
Total liabilities and fund balances	\$ 1,544,026	\$ 1,595,365

CITY OF LOCUST GROVE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2024
(with comparative totals for the year ended December 31, 2023)

	<u>2024</u>			<u>2023</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Hotel/motel taxes	\$ 1,183,700	\$ 992,224	\$ (191,476)	\$ 1,310,955
Interest	1,500	1,425	(75)	426
Total revenues	<u>1,185,200</u>	<u>993,649</u>	<u>(191,551)</u>	<u>1,311,381</u>
EXPENDITURES				
Current				
Housing and Development				
Personal services	170,250	132,576	37,674	119,500
Contract services	129,850	134,962	(5,112)	57,342
Materials and supplies	52,350	43,765	8,585	58,994
Capital outlay	187,750	164,299	23,451	11,721
Agency allocations	555,000	477,796	77,204	578,671
Total expenditures	<u>1,095,200</u>	<u>953,398</u>	<u>141,802</u>	<u>826,228</u>
Excess (deficiency) of revenues over (under) expenditures	90,000	40,251	(49,749)	485,153
Other Financing Sources (Uses)				
Transfers in (out)				
General Fund	<u>(90,000)</u>	<u>(89,964)</u>	<u>36</u>	<u>(105,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(49,713)	(49,713)	380,153
Fund balances, January 1	<u>0</u>	<u>1,516,748</u>	<u>1,516,748</u>	<u>1,136,595</u>
Fund balances, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 1,467,035</u></u>	<u><u>\$ 1,467,035</u></u>	<u><u>\$ 1,516,748</u></u>

CITY OF LOCUST GROVE, GEORGIA
DEVELOPMENTAL IMPACT CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 2,765,159	\$ 2,312,226
 LIABILITIES		
 FUND BALANCES		
Restricted for capital projects	\$ 2,765,159	\$ 2,312,226
Total liabilities and fund balances	\$ 2,765,159	\$ 2,312,226

CITY OF LOCUST GROVE, GEORGIA
DEVELOPMENTAL IMPACT CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the years ended December 31, 2024 and 2023

	2024	2023
REVENUES		
Charges for services	\$ 614,060	\$ 321,764
Interest	5,100	5,460
	619,160	327,224
EXPENDITURES		
Capital outlay		
Public Safety	106,443	0
Recreation	59,784	0
	166,227	0
Excess (deficiency) of revenues over (under) expenditures	452,933	327,224
Fund balances, January 1	2,312,226	1,985,002
Fund balances, December 31	\$ 2,765,159	\$ 2,312,226

CITY OF LOCUST GROVE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 3,780,246	\$ 3,707,280
Intergovernmental receivable	475,753	601,918
Total assets	\$ 4,255,999	\$ 4,309,198
LIABILITIES		
Accounts payable	\$ 36,389	\$ 131,837
Retainages payable	0	157,981
Due to other funds	430,955	390,298
Total liabilities	467,344	680,116
DEFERRED INFLOWS OF RESOURCES		
Unavailable sales tax	186,445	363,865
FUND BALANCES		
Restricted for capital projects	3,602,210	3,265,217
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,255,999	\$ 4,309,198

CITY OF LOCUST GROVE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
REVENUES		
Intergovernmental	\$ 1,790,026	\$ 1,549,770
Interest	62,352	60,101
	<hr/>	<hr/>
Total revenues	<u>1,852,378</u>	<u>1,609,871</u>
EXPENDITURES		
Capital outlay		
Public Works		
Streets	1,515,385	2,565,396
	<hr/>	<hr/>
Total expenditures	<u>1,515,385</u>	<u>2,565,396</u>
Excess (deficiency) of revenues over (under) expenditures	336,993	(955,525)
Fund balances, January 1	<u>3,265,217</u>	<u>4,220,742</u>
Fund balances, December 31	<u><u>\$ 3,602,210</u></u>	<u><u>\$ 3,265,217</u></u>

CITY OF LOCUST GROVE, GEORGIA
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
For the years ended December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,772,673	\$ 1,246,788
Restricted assets		
Cash and cash equivalents	3,813,242	4,096,267
Intergovernmental receivable	358,200	353,662
Due from other funds	772,437	723,774
Total assets	\$ 6,716,552	\$ 6,420,491
LIABILITIES		
FUND BALANCES		
Restricted for LMIG projects	\$ 278,067	\$ 114,702
Restricted for capital projects	6,438,485	6,305,789
Total fund balances	6,716,552	6,420,491
Total liabilities and fund balances	\$ 6,716,552	\$ 6,420,491

CITY OF LOCUST GROVE, GEORGIA
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the years ended December 31, 2024 and 2023

	2024	2023
REVENUES		
Intergovernmental	\$ 2,151,206	\$ 2,039,826
Interest	154,832	31,369
	2,306,038	2,071,195
EXPENDITURES		
Capital outlay		
Public Works		
Streets	283,025	1,616,394
Debt service	1,612,250	1,547,000
	1,895,275	3,163,394
Excess (deficiency) of revenues over (under) expenditures	410,763	(1,092,199)
Other financing sources (uses)		
Transfers out	(114,702)	0
	296,061	(1,092,199)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	296,061	(1,092,199)
Fund balances, January 1	6,420,491	7,512,690
Fund balances, December 31	\$ 6,716,552	\$ 6,420,491

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ENTERPRISE FUNDS

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

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

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

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

CITY OF LOCUST GROVE, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 30,122	\$ 1,151,869
Receivables (net)		
Accounts	558,241	483,274
Lease	33,803	31,889
Interest	7,462	10,964
Prepaid items	8,539	6,116
Total current assets	638,167	1,684,112
Restricted assets		
Extension and Renewal		
Cash and cash equivalents	5,517,070	3,621,650
Debt Redemption		
Cash and cash equivalents	510,993	532,635
Customer Deposits		
Cash and cash equivalents	820,341	769,072
Total restricted assets	6,848,404	4,923,357
Noncurrent assets		
Lease receivable	207,042	224,431
Capital assets		
Land	2,355,375	2,355,375
Buildings	226,262	226,262
Vehicles and equipment	2,808,085	2,543,392
Infrastructure	41,847,750	35,569,285
Construction in progress	2,152,602	1,886,610
Accumulated depreciation	(14,892,986)	(13,718,851)
Total noncurrent assets	34,704,130	29,086,504
Total assets	42,190,701	35,693,973
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	51,161	136,818
LIABILITIES		
Current liabilities		
Accounts payable	175,026	313,418
Compensated absences	32,129	35,888
Due to other funds	1,046,041	827,870
Unearned revenue	1,921,104	2,432,754
Notes payable	36,427	52,144
Total current liabilities	3,210,727	3,662,074

CITY OF LOCUST GROVE, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
December 31, 2024 and 2023

	2024	2023
LIABILITIES		
Current liabilities payable from restricted assets		
Customer deposits payable	\$ 820,728	\$ 769,412
Interest payable	8,814	11,748
Bonds payable	575,000	605,000
Total current liabilities payable from restricted assets	1,404,542	1,386,160
Noncurrent liabilities		
Net pension liability	118,351	289,519
Notes payable	0	36,427
Bonds payable	1,485,000	2,060,000
Total noncurrent liabilities	1,603,351	2,385,946
Total liabilities	6,218,620	7,434,180
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	203,286	223,615
Deferred inflows related to pensions	69,569	2,466
Total deferred inflows of resources	272,855	226,081
NET POSITION		
Net investment in capital assets	32,400,661	26,043,799
Restricted for:		
Capital	5,517,070	3,621,650
Debt service	502,179	520,887
Unrestricted	(2,669,523)	(2,015,806)
Total net position	\$ 35,750,387	\$ 28,170,530

CITY OF LOCUST GROVE, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the years ended December 31, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 2,811,546	\$ 2,709,863
Sewer charges	2,381,263	2,230,709
Tap fees	120,145	137,595
Other	172,421	140,965
Total operating revenues	5,485,375	5,219,132
OPERATING EXPENSES		
Costs of sales and services	3,878,485	3,862,232
Personal services	569,335	552,623
Depreciation	1,174,135	1,002,660
Total operating expenses	5,621,955	5,417,515
Operating income (loss)	(136,580)	(198,383)
Non-operating revenues (expenses)		
Interest revenue	17,882	25,131
Interest expense	(49,520)	(61,082)
Total non-operating revenues (expenses)	(31,638)	(35,951)
Income (loss) before capital contributions and transfers	(168,218)	(234,334)
Capital contributions		
Impact fees	1,437,897	787,260
Capital contributions	6,278,465	5,460,609
Total capital contributions	7,716,362	6,247,869
Income (loss) before transfers	7,548,144	6,013,535
Transfers in (out)		
Transfers in	41,713	0
Transfers out	(10,000)	0
Total transfers in (out)	31,713	0
Change in net position	7,579,857	6,013,535
Net position, January 1, as previously reported	28,170,530	22,138,428
Change in accounting principle	0	18,567
Net position, January 1, as restated	28,170,530	22,156,995
Net position, December 31	\$ 35,750,387	\$ 28,170,530

See accompanying notes to the financial statements.

CITY OF LOCUST GROVE, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Receipts from customers	\$ 4,945,220	\$ 5,127,019
Payments to suppliers	(3,954,598)	(3,748,750)
Payments to employees	(591,502)	(544,125)
	<u>399,120</u>	<u>834,144</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>259,885</u>	<u>739,551</u>
Cash flows from capital and related financing activities:		
Receipts from capital contributions	1,437,897	787,260
Payments to other funds	(10,000)	0
Interest paid	(52,454)	(65,589)
Acquisition of capital assets	(530,685)	(1,079,155)
Payment of capital related accounts payable	(64,703)	(22,677)
Principal payments - bonds payable	(605,000)	(595,000)
Principal payments - notes payable	(52,144)	(50,693)
	<u>122,911</u>	<u>(1,025,854)</u>
Cash flows from investing activities:		
Interest received	<u>21,384</u>	<u>50,151</u>
Net increase (decrease) in cash and cash equivalents	803,300	597,992
Cash and cash equivalents, January 1	<u>6,075,226</u>	<u>5,477,234</u>
Cash and cash equivalents, December 31	<u><u>\$ 6,878,526</u></u>	<u><u>\$ 6,075,226</u></u>

CITY OF LOCUST GROVE, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023

	2024	2023
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (136,580)	\$ (198,383)
 Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,174,135	1,002,660
(Increase) decrease in accounts receivable	(74,967)	25,636
(Increase) decrease in lease receivable	15,475	28,280
(Increase) decrease in prepaid items	(2,423)	(2,698)
(Increase) decrease in pension deferred outflows	85,657	(47,893)
Increase (decrease) in accounts payable	(73,690)	116,180
Increase (decrease) in accrued salaries and expenses	0	(10,429)
Increase (decrease) in compensated absences	(3,759)	1,791
Increase (decrease) in unearned revenue	(511,650)	(150,195)
Increase (decrease) in deposits payable	51,316	24,495
Increase (decrease) in pension deferred inflows	67,103	(62,118)
Increase (decrease) in lease deferred inflows	(20,329)	(20,329)
Increase (decrease) in net pension liability	(171,168)	127,147
 Total adjustments	535,700	1,032,527
 Net cash provided (used) by operating activities	\$ 399,120	\$ 834,144
 Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 30,122	\$ 1,151,869
Extension and Renewal		
Cash and cash equivalents	5,517,070	3,621,650
Debt Redemption		
Cash and cash equivalents	510,993	532,635
Customers Deposits		
Cash and cash equivalents	820,341	769,072
 Total cash and cash equivalents	\$ 6,878,526	\$ 6,075,226

Noncash investing, capital, and financing activities:

Contributions of capital assets from developers totaled \$6,278,465 and \$5,460,609, respectively, for the years ended December 31, 2024 and 2023.

Acquisition of capital assets through accounts payable totaled \$0 and \$64,703, respectively, for the years ended December 31, 2024 and 2023.

CITY OF LOCUST GROVE, GEORGIA
SOLID WASTE MANAGEMENT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 38,512	\$ 202,457
Accounts receivable (net)	90,190	94,287
Prepaid items	854	1,206
Due from other funds	48,250	0
Total current assets	177,806	297,950
Capital assets		
Vehicles and equipment	383,435	177,471
Accumulated depreciation	(140,498)	(116,999)
Total capital assets (net of accumulated depreciation)	242,937	60,472
Total assets	420,743	358,422
DEFERRED OUTFLOWS OF RESOURCES		
Deferred inflows related to pensions	32,110	38,522
LIABILITIES		
Current liabilities		
Accounts payable	1,220	53,598
Compensated absences	2,319	5,112
Total current liabilities	3,539	58,710
Noncurrent liabilities		
Net pension liability	60,464	64,338
Total liabilities	64,003	123,048
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	3,515	153
NET POSITION		
Investment in capital assets	242,937	60,472
Unrestricted	142,398	213,271
Total net position	\$ 385,335	\$ 273,743

CITY OF LOCUST GROVE, GEORGIA
SOLID WASTE MANAGEMENT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	\$ 896,177	\$ 806,196
Other	<u>12,400</u>	<u>10,856</u>
Total operating revenues	<u>908,577</u>	<u>817,052</u>
OPERATING EXPENSES		
Costs of sales and services	752,071	675,763
Personal services	52,379	100,711
Depreciation	<u>23,499</u>	<u>4,533</u>
Total operating expenses	<u>827,949</u>	<u>781,007</u>
Operating income (loss)	80,628	36,045
Transfers in	<u>30,964</u>	<u>0</u>
Change in net position	<u>111,592</u>	<u>36,045</u>
Net position, January 1, as previously reported	273,743	234,791
Change in accounting principle	<u>0</u>	<u>2,907</u>
Net position, January 1, as restated	<u>273,743</u>	<u>237,698</u>
Net position, December 31	<u><u>\$ 385,335</u></u>	<u><u>\$ 273,743</u></u>

CITY OF LOCUST GROVE, GEORGIA
SOLID WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Receipts from customers	\$ 900,274	\$ 789,604
Payments to suppliers	(804,097)	(623,735)
Payments to employees	(49,272)	(91,337)
Other receipts	12,400	10,856
	<u>59,305</u>	<u>85,388</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities		
Payments to other funds	(48,250)	0
	<u>(48,250)</u>	<u>0</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(205,964)	(64,130)
Receipts from other funds	30,964	0
	<u>(175,000)</u>	<u>(64,130)</u>
Net cash provided (used) by capital and related financing activities		
Net increase (decrease) in cash and cash equivalents	(163,945)	21,258
Cash and cash equivalents, January 1	202,457	181,199
	<u>202,457</u>	<u>181,199</u>
Cash and cash equivalents, December 31	<u>\$ 38,512</u>	<u>\$ 202,457</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 80,628	\$ 36,045
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	23,499	4,533
(Increase) decrease in accounts receivable	4,097	(16,592)
(Increase) decrease in prepaid items	352	(495)
(Increase) decrease in pension deferred outflows	6,412	(27,406)
Increase (decrease) in accounts payable	(52,378)	52,523
Increase (decrease) in accrued salaries and expenses	0	(1,516)
Increase (decrease) in compensated absences	(2,793)	2,907
Increase (decrease) in pension deferred inflows	3,362	(8,653)
Increase (decrease) in net pension liability	(3,874)	44,042
	<u>(21,323)</u>	<u>49,343</u>
Total adjustments		
Net cash provided by operating activities	<u>\$ 59,305</u>	<u>\$ 85,388</u>

CITY OF LOCUST GROVE, GEORGIA
STORM WATER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 524,808	\$ 620,468
Accounts receivable (net)	76,302	59,101
Prepaid items	1,708	1,415
Total current assets	602,818	680,984
Capital assets		
Construction in progress	70,096	0
Vehicles and equipment	559,661	549,991
Infrastructure	6,917,287	4,042,227
Accumulated depreciation	(644,983)	(463,660)
Total capital assets (net of accumulated depreciation)	6,902,061	4,128,558
Total assets	7,504,879	4,809,542
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	21,909	30,404
LIABILITIES		
Current liabilities		
Accounts payable	9,121	7,249
Compensated absences	5,422	9,891
Notes payable	0	16,527
Total current liabilities	14,543	33,667
Noncurrent liabilities		
Net pension liability	50,682	64,338
Total liabilities	65,225	98,005
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	4,277	990
NET POSITION		
Net investment in capital assets	6,895,265	4,112,031
Unrestricted	562,021	628,920
Total net position	\$ 7,457,286	\$ 4,740,951

CITY OF LOCUST GROVE, GEORGIA
STORM WATER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Charges for sales and services		
Storm water charges	\$ 347,243	\$ 438,007
Total operating revenues	<u>347,243</u>	<u>438,007</u>
OPERATING EXPENSES		
Costs of sales and services	127,754	173,654
Personal services	196,892	198,634
Depreciation	<u>181,322</u>	<u>126,468</u>
Total operating expenses	<u>505,968</u>	<u>498,756</u>
Operating income (loss)	(158,725)	(60,749)
Non-operating revenues (expenses)		
Interest expense	<u>0</u>	<u>(1,137)</u>
Income (loss) before capital contributions and transfers	(158,725)	(61,886)
Capital contributions	<u>2,875,060</u>	<u>2,164,310</u>
Change in net position	<u>2,716,335</u>	<u>2,102,424</u>
Net position, January 1, as previously reported	4,740,951	2,622,808
Change in accounting principle	<u>0</u>	<u>15,719</u>
Net position, January 1, as restated	<u>4,740,951</u>	<u>2,638,527</u>
Net position, December 31	<u><u>\$ 7,457,286</u></u>	<u><u>\$ 4,740,951</u></u>

CITY OF LOCUST GROVE, GEORGIA
STORM WATER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Receipts from customers	\$ 330,042	\$ 448,285
Payments to suppliers	(132,971)	(173,365)
Payments to employees	(203,235)	(200,987)
	(6,164)	73,933
Cash flows from capital and related financing activities:		
Principal payments - notes payable	(16,527)	(15,885)
Interest paid	0	(1,137)
Acquisition of capital assets	(72,969)	0
	(89,496)	(17,022)
Net increase (decrease) in cash and cash equivalents	(95,660)	56,911
Cash and cash equivalents, January 1	620,468	563,557
Cash and cash equivalents, December 31	\$ 524,808	\$ 620,468
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (158,725)	\$ (60,749)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	181,322	126,468
(Increase) decrease in accounts receivable	(17,201)	10,277
(Increase) decrease in prepaid items	(293)	(69)
(Increase) decrease in pension deferred outflows	8,495	(8,173)
Increase (decrease) in accounts payable	(4,924)	359
Increase (decrease) in accrued salaries and expenses	0	(3,505)
Increase (decrease) in compensated absences	(4,469)	337
Increase (decrease) in pension deferred inflows	3,287	(14,757)
Increase (decrease) in net pension liability	(13,656)	23,745
Total adjustments	152,561	134,682
Net cash provided (used) by operating activities	\$ (6,164)	\$ 73,933

Noncash investing, capital, and financing activities:

Contributions of capital assets from developers totaled \$2,875,060 and \$2,164,310, respectively, for the years ended December 31, 2024 and 2023.

Acquisition of capital assets through accounts payable totaled \$6,796 and \$0, respectively, for the years ended December 31, 2024 and 2023.

OTHER REPORTING SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Locust Grove, Georgia, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Locust Grove, Georgia's basic financial statements and have issued our report thereon dated December 29, 2025.

Report on Internal Control over Financial Reporting

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

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

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

2024-001

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

Condition: City personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the City relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor.

2024-001, continued

Condition (continued): This does not indicate that City personnel is not trained to perform the daily accounting functions, but that the City has elected as a cost benefit to outsource this expertise to their auditors. Though it is not unusual for governments of this size to rely on the auditor to assist with the preparation of the financial statements, the inability of the staff to prepare the complete financial statements, including the required note disclosures, without the auditor's assistance, indicates a material weakness over the year-end reporting process. In the current year, the City's software conversion caused many issues related to year-end close.

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

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

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

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

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

2024-002

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

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

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

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

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

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

Report on Compliance and Other Matters

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

2024-003

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

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

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

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

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

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

City of Locust Grove, Georgia's Response to Findings

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

Purpose of this Report

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

Rushton, LLC

Gainesville, Georgia
December 29, 2025

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STATE REPORTING SECTION

CITY OF LOCUST GROVE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the year ended December 31, 2024

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<u>SPLOST V</u>					
Roads, bridges, sidewalks and transportation facilities	\$ 4,250,000	\$ 4,250,000	\$ 1,407,693	\$ 1,062,429	\$ 2,470,122
Construction and renovation of municipal buildings	<u>500,000</u>	<u>500,000</u>	<u>435,775</u>	<u>452,956</u>	<u>888,731</u>
Total	<u><u>\$ 4,750,000</u></u>	<u><u>\$ 4,750,000</u></u>	<u><u>\$ 1,843,468</u></u>	<u><u>\$ 1,515,385</u></u>	<u><u>\$ 3,358,853</u></u>

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

CITY OF LOCUST GROVE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the year ended December 31, 2024

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<u>2022 TSPLOST</u>					
State Route 42 Congestion Relief Road Widening	\$ 4,300,000	\$ 4,300,000	\$ 18,500	\$ 279,925	\$ 298,425
Bill Gardner West Widening	500,000	519,182	519,182	0	519,182
State Route 42 Extra Lane	900,000	900,000	0	0	0
Resurfacing	2,500,839	5,095,949	4,932,584	1,730,052	6,662,636
Signal/Intersection Improvement	400,000	400,000	0	0	0
Bikeway/Pathway Network Shared Use Signage	250,000	250,000	0	0	0
Total	<u>\$ 8,850,839</u>	<u>\$ 11,465,131</u>	<u>\$ 5,470,266</u>	<u>\$ 2,009,977</u>	<u>\$ 7,480,243</u>

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

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