CITY OF BLAIRSVILLE, GEORGIA

Annual Financial Report

For the year ended December 31, 2022

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CITY OF BLAIRSVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
For the year ended December 31, 2022

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ANNUAL FINANCIAL REPORT
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Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Blairsville, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Blairsville, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Blairsville, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Blairsville, Georgia, as of December 31, 2022, 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 Blairsville, 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 Blairsville, 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 judgement 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 judgement 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 Blairsville, 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 Blairsville, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 14 and 56 through 59, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blairsville, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with 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 and the schedule of projects financed with special purpose local option sales tax are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, on our consideration of the City of Blairsville, 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 Blairsville, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Gainesville, Georgia
March 10, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Blairsville

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MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Blairsville management is proud to present this narrative discussion and analysis of the City of Blairsville's financial performance, making available an overview of the activities for the year ended December 31, 2022. This report is drafted annually to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Blairsville. As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis affords comparisons with the previous fiscal year.

Financial Highlights

- City of Blairsville's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2022 by $32,382,520 (*net position*). Of this amount, $6,997,383 is reported as unrestricted net position. This is an increase of $818,702 from the previous year for unrestricted. Total net position increased by $626,997 from the previous year.

- As of December 31, 2022, City of Blairsville's governmental funds reported combined ending fund balances of $6,592,075. Approximately 56% of this total amount, or $3,721,659, is reported as unassigned and available for spending at the City's discretion. Approximately 33%, or $2,194,069, is reported as restricted. Information about the City of Blairsville's policy on fund balance can be found in Note 1M in the *Notes to the Financial Statements* beginning on page 34.

More detailed information regarding these activities and funds begins on page 15.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to the City of Blairsville's basic financial statements. The City of Blairsville's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

Government-wide Financial Statements (Reporting the City as a whole). The focus of the government-wide financial statements is on the overall financial position and activities of the City of Blairsville and is designed to provide a broad overview of the City's financial activities in a manner similar to a private business enterprise.

The City's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These two statements report information about the City of Blairsville using the accrual basis of accounting, which is similar to the accounting used by non-public businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the ***Statement of Net Position*** (pages 15-16) is to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net position*. While the purpose of City Government is not to accumulate net position, as this amount increases it can indicate the strength of the City's financial position as a whole. When this amount decreases it can indicate a weakening of the City's financial position.

The ***Statement of Activities*** (page 17) presents the revenues and expenses of the City. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position*. The Statement of Activities primary focus is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through user fees, special revenues, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, we divide the City of Blairsville into three types of activities:

- ***Governmental activities*** – Most of the City's basic services are reported under this category which includes: judicial, public safety, public works, and general administration. Taxes such as real property, sales, insurance premium and intangible finance most of these services.

- ***Business-type or enterprise activities*** – The City charges fees to customers to assist in recovering the cost for providing certain services. The City's water and sewerage system and airport are reported in this category.

- ***Discretely Presented Component Units*** – A component unit is a legally separate organization for which the elected officials of the City can be financially accountable. The City of Blairsville Downtown Development Authority, although legally separate, functions for all practical purposes as a department of the City of Blairsville and has been included as an integral part of the government.

The City's government-wide financial statements are presented on pages 15-17.

Fund Financial Statements (Reporting the City's Major Funds).
The focus of fund financial statements is directed at specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 60. The City's funds are divided into two broad categories: governmental and proprietary. They use different prescribed accounting methodologies.

- ***Governmental Funds*** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash.

  Because the focus of the governmental fund 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 so doing, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided following each statement.

  The City of Blairsville maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, SPLOST IV Capital Projects Fund, and SPLOST V Capital Projects Fund, which are considered major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 60-61 of this report.

  The City of Blairsville adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been included for the General Fund to show the final result of actual revenues and expenditures as compared to the initial projections.

  The City's basic governmental fund financial statements are presented on pages 18-22 of this report.

- ***Proprietary Funds*** – When the City charges customers for the services it provides, whether to outside customers or internally to departments of the City, these services are generally reported in proprietary funds. The City maintains one type of proprietary funds: Enterprise Funds. These proprietary funds are prepared using the same accrual basis of accounting as the government-wide financial statements.

  Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Blairsville uses enterprise funds to account for its water and sewerage and airport functions.

  The City's proprietary fund financial statements are presented on pages 23-25 of this report.

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 26-55 of this report.

Required Supplementary Information.
In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's defined benefit pension plan. The required supplementary information can be found on pages 56-59 of this report.

Other Supplementary Information.
Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 19 and 21) which 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 fund financial statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statements but as deferred inflows of resources on the fund statements.
- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities 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.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this fiscal year is summarized as follows based on the information included in the government-wide financial statements (see pages 15-17):

City of Blairsville
Net Position
Fiscal Years 2022 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current	$ 6,299,985	$ 5,334,997	$ 3,806,176	$ 3,621,762	$ 10,106,161	$ 8,956,759
Noncurrent	2,521,570	2,503,645	26,423,175	27,276,226	28,944,745	29,779,871
Total assets	8,821,555	7,838,642	30,229,351	30,897,988	39,050,906	38,736,630
Deferred outflows of resources	204,079	209,291	186,612	187,808	390,691	397,099
Liabilities:						
Current	289,368	173,832	517,577	646,585	806,945	820,417
Noncurrent	225,915	173,474	5,184,142	5,363,946	5,410,057	5,537,420
Total liabilities	515,283	347,306	5,701,719	6,010,531	6,217,002	6,357,837
Deferred inflows of resources	287,461	357,163	554,614	663,206	842,075	1,020,369
Net position:						
Net investment in capital assets	1,870,055	1,852,130	21,214,926	21,680,113	23,084,981	23,532,243
Restricted	2,057,758	1,822,838	242,398	219,923	2,300,156	2,042,761
Unrestricted	4,295,077	3,668,496	2,702,306	2,512,023	6,997,383	6,180,519
Total net position	$ 8,222,890	$ 7,343,464	$ 24,159,630	$ 24,412,059	$ 32,382,520	$ 31,755,523

Net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources for the City of Blairsville exceeded liabilities and deferred inflows of resources by $32,382,520 at the close of 2022. Approximately 71% of the City of Blairsville's net position is reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire them. This is a decrease from 74% at December 31, 2021. The City uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position comprises 7% of total net position. This amount represents resources that are subject to external restrictions or enabling legislation on how they may be used. Unrestricted net position makes up the remaining 22%.

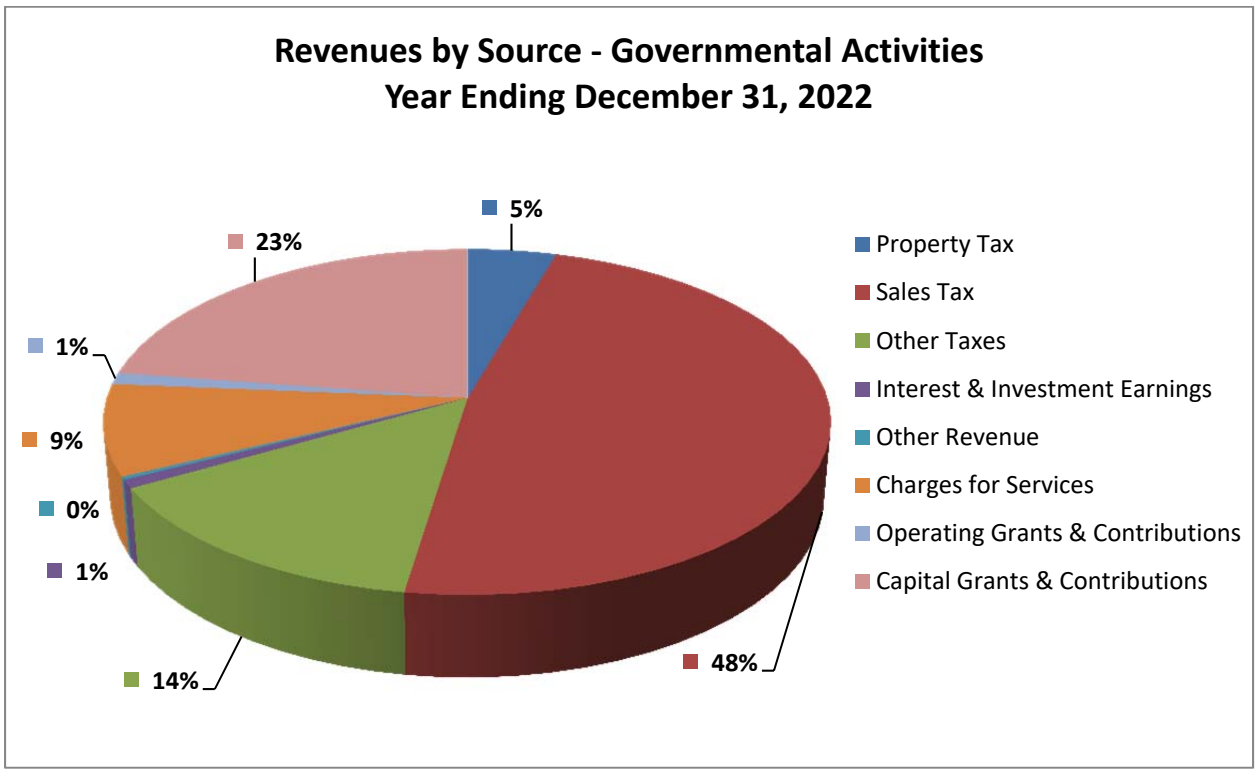
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Blairsville's net position changed during the year.

City of Blairsville
Changes in Net Position
Fiscal Years 2022 and 2021

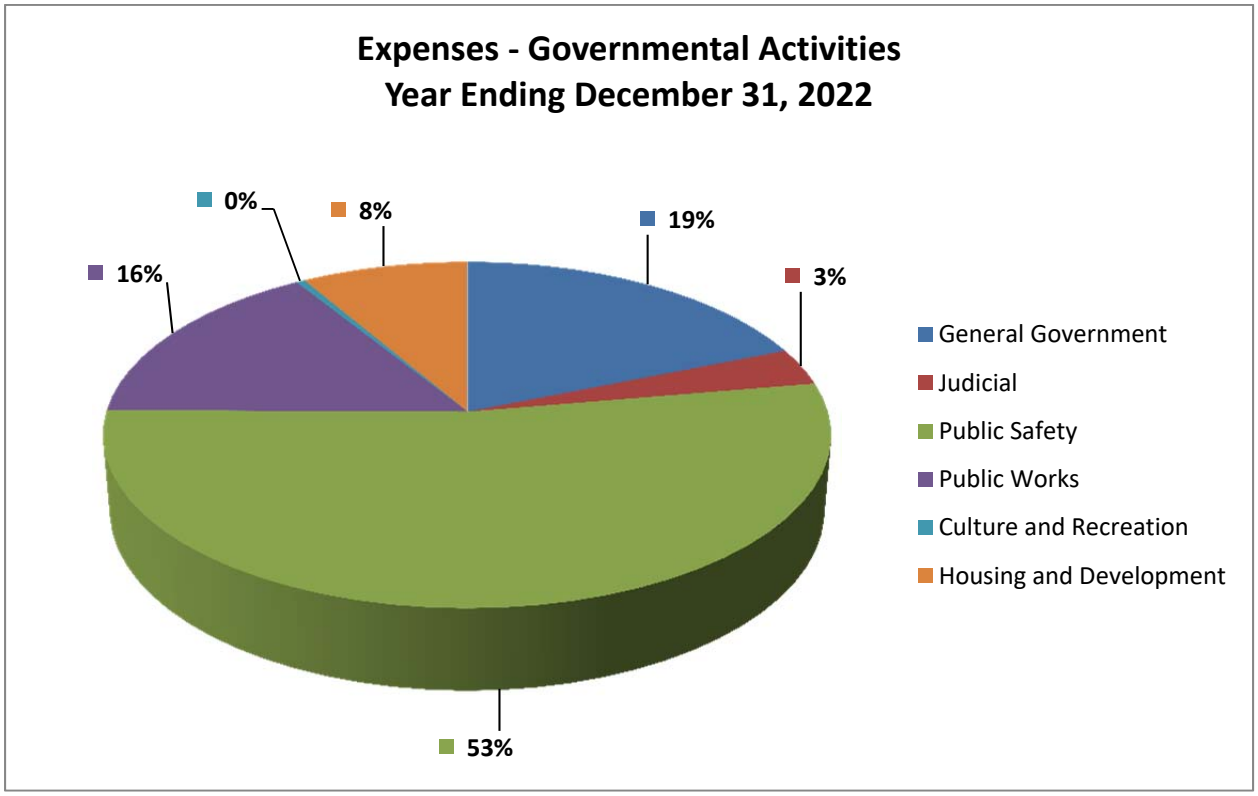
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	$ 268,224	$ 187,099	$ 3,191,033	$ 2,946,599	$ 3,459,257	$ 3,133,698
Operating grants and contributions	34,486	131,414	0	45,000	34,486	176,414
Capital grants and contributions	711,499	562,839	48,231	344,159	759,730	906,998
General revenues:						
Property tax	142,037	151,843	0	0	142,037	151,843
Sales tax	1,509,101	1,326,067	0	0	1,509,101	1,326,067
Other taxes	451,022	473,258	0	0	451,022	473,258
Interest & investment earnings	24,823	2,755	21,470	3,172	46,293	5,927
Other revenue	8,648	35,951	0	20,000	8,648	55,951
Total revenues	3,149,840	2,871,226	3,260,734	3,358,930	6,410,574	6,230,156
Expenses						
General Government	396,419	393,730	0	0	396,419	393,730
Judicial	72,188	57,001	0	0	72,188	57,001
Public Safety	1,111,409	972,123	0	0	1,111,409	972,123
Public Works	336,061	326,144	0	0	336,061	326,144
Culture and Recreation	9,000	7,500	0	0	9,000	7,500
Housing and Development	177,208	165,423	0	0	177,208	165,423
Water and Sewerage	0	0	2,859,763	2,545,822	2,859,763	2,545,822
Airport	0	0	821,529	711,090	821,529	711,090
Total expenses	2,102,285	1,921,921	3,681,292	3,256,912	5,783,577	5,178,833
Increase (decrease) in net position before transfers	1,047,555	949,305	(420,558)	102,018	626,997	1,051,323
Transfers	(168,129)	(221,121)	168,129	221,121	0	0
Increase (decrease) in net position	879,426	728,184	(252,429)	323,139	626,997	1,051,323
Net position - beginning	7,343,464	6,615,280	24,412,059	24,088,920	31,755,523	30,704,200
Net position - ending	$ 8,222,890	$ 7,343,464	$ 24,159,630	$ 24,412,059	$ 32,382,520	$ 31,755,523

Governmental Activities –

The following chart illustrates revenues of the governmental activities for the fiscal year:



The following chart illustrates the expenses of the governmental activities for the fiscal year:



The revenue chart indicates that sales tax, followed by capital grants and contributions, and other taxes were the three largest sources of revenue for governmental activities for fiscal year 2022. Total revenues of the governmental activities increased by more than $278,000. The largest causes of the increase were local option sales tax, which increased by more than $183,000 and special purpose local option sales tax received from Union County, which increased by more than $199,000.

The expense chart indicates that the three most significant governmental activities expenses for the City of Blairsville during 2022 were public safety services, followed by general government and public works. Overall, governmental activities expenses increased by more than $180,000 from the prior year. Public safety expenses increased by almost $139,000 from the prior year due mostly to personnel costs and increased Shop with a Cop expenses. Judicial expenses increased by more than $15,000 from the prior year due to increased payments to other agencies for court fines and fees.

Business-Type Activities –

Business-type activities decreased the City of Blairsville's net position by $252,429, or 1.0%. The decrease is largely attributable to the Airport Fund operating loss of $273,674. The Water and Sewerage Fund reported a decrease in net position of $27,823 and the Airport Fund reported a decrease in net position of $224,606.

Financial Analysis of the City's Funds

The City of Blairsville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

1) As the City completed this year, its governmental funds reported a combined ending fund balance of $6,592,075. Of this amount, $3,721,659 (56%) constitutes unassigned fund balance, which is available for appropriation for the general purposes of the funds in accordance with the City of Blairsville policy on fund balance.

The General Fund is the chief operating fund of the City. At the end of the current year, fund balance of the General Fund was $4,398,006. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 85% of total fund balance in the General Fund. Unassigned fund balance represents approximately 205% of total General Fund expenditures, while total fund balance represents approximately 242% of that same amount. The City ended the year realizing an increase in the overall fund balance in the General Fund by $525,471, or 13.6%. This increase was similar to

the prior year. The City increased unassigned fund balance in the General Fund by $607,258, or 19.5%.

Expenditures of the SPLOST IV and SPLOST V Capital Projects Funds continued on projects in accordance with the respective referendums. The SPLOST IV Fund reported a decrease in fund balance of $75,718. The SPLOST V Fund reported an increase in fund balance of $423,235.

General Fund Budget Highlights
The original budget for the General Fund was amended by various appropriations approved after the beginning of the year. Budgeted revenues and other financing sources in total increased $95,462 and expenditures and other financing uses in total increased $95,462 from original to final budgets. The City experienced an increase in both revenues and expenditures from the prior fiscal year. The City ended the fiscal year with a similar increase in the fund balance when comparing to the prior year.

Proprietary Funds. The City of Blairsville's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the City's two proprietary funds totaled as follows:

- Water and Sewerage $ 11,739,068
- Airport $ 12,420,562

The Water and Sewerage Fund decreased net position by $27,823. The decrease is due mostly interest expense and operating loss exceeding transfers from other funds. The Airport Fund decreased net position by $224,606. The decrease is largely attributable to an operating loss of $273,674.

Capital Assets and Debt Administration

Capital Assets. The City of Blairsville has invested $28,293,230 in capital assets (net of accumulated depreciation) compared to $29,128,356 in the previous year. This represents a decrease of 2.9%. Approximately 93% of this investment is related to business-type activities and includes infrastructure, land, buildings, and equipment. Capital assets held by the City at year-end are summarized as follows:

City of Blairsville
Capital Assets (net of accumulated depreciation)
Fiscal Years 2022 and 2021

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	$241,514	$241,514	$1,753,333	$1,753,333	$1,994,847	$1,994,847
Airspace easements	0	0	1,035,758	1,035,758	1,035,758	1,035,758
Construction in progress	0	0	138,058	1,796,510	138,058	1,796,510
Buildings and improvements	1,362,011	1,283,645	15,450,291	15,012,687	16,812,302	16,296,332
Infrastructure	743,679	743,679	20,132,766	20,132,766	20,876,445	20,876,445
Machinery, equipment, and intangibles	850,980	786,047	3,843,182	2,405,118	4,694,162	3,191,165
Total	3,198,184	3,054,885	42,353,388	42,136,172	45,551,572	45,191,057
Accumulated depreciation	(1,328,129)	(1,202,755)	(15,930,213)	(14,859,946)	(17,258,342)	(16,062,701)
Net Capital Assets	$1,870,055	$1,852,130	$26,423,175	$27,276,226	$28,293,230	$29,128,356

Major capital asset purchases during the current year for governmental activities included the following:

- Purchase of vehicles for various City departments
- Wellborn Street sidewalk project

Major capital asset purchases during the current year for business-type activities included the following:

- Purchase of vehicle and equipment for the Water and Sewerage department
- Continued improvements to the water and sewerage system
- Continued improvements to the airport

Additional information on the City of Blairsville's capital assets can be found in Note 7 on pages 40-42 of this report.

Long-Term Debt. On December 31, 2022, the City of Blairsville had a total long-term debt balance outstanding for business-type activities in the amount of $5,208,249, as compared to $5,449,431 the previous year. The City's outstanding debt for business-type activities has decreased by $241,182 during the course of the year due to regularly-scheduled principal payments.

Additional information on the City's long-term debt can be found in Notes 8-9 on pages 42-45 of this report.

Economic Condition and Outlook

The City of Blairsville is determined to maintain an increase in our fund balance each year while continuing to provide exceptional services to our citizens. Moving forward the City will continue to face challenges, but we are encouraged at the very positive direction of the current economy along with our strong fiscal City policies. Housing starts and retail sales related to residential and commercial construction are all increasing. Hotel stays are strong. Most shops and restaurants continue to show an increase in business. Our average unemployment rate is the lowest in many years and continues to be among the lowest in our region.

We remain cautiously optimistic that the growth in revenues and business in the City of Blairsville will continue. These and many key factors were considered in preparation of the budget for 2023. Our strong financial position helps insure that the City of Blairsville is ready to meet any future challenges:

- Strong recovery in citywide retail sales
- Continued reliance on Special Purpose Local Option Sales Tax for capital improvements to continue improving our quality of life and limit requirements for more property tax dollars
- Rising cost of healthcare and other insurance benefits must always be considered as to how it will impact budgets
- With continued growth there will eventually be a need for additional personnel, development, and training

Contacting the City

This financial report is designed to provide the City of Blairsville citizens, taxpayers, customers, and creditors with a general overview of the City of Blairsville's finances and to demonstrate the City's high level of accountability for the revenue it receives and the services it provides. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Blairsville, Georgia
P.O. Box 307
Blairsville, GA 30514
706-745-2000
http://www.blairsville-ga.gov

BASIC FINANCIAL STATEMENTS

CITY OF BLAIRSVILLE, GEORGIA
STATEMENT OF NET POSITION
December 31, 2022

	Primary Government			Blairsville DDA Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	$ 5,963,575	$ 2,817,209	$ 8,780,784	$ 170,605
Certificates of deposit	10,000	0	10,000	0
Restricted cash and cash equivalents	0	435,535	435,535	0
Receivables (net)				
Accounts	10,410	305,039	315,449	0
Intergovernmental	112,264	11,244	123,508	0
Taxes	178,904	0	178,904	0
Prepaid items	24,832	50,171	75,003	0
Inventory	0	186,978	186,978	0
Total current assets	6,299,985	3,806,176	10,106,161	170,605
Noncurrent assets				
Advance to component unit	651,515	0	651,515	0
Capital assets				
Non-depreciable	241,514	2,927,149	3,168,663	1,445,212
Depreciable (net)	1,628,541	23,496,026	25,124,567	0
Total noncurrent assets	2,521,570	26,423,175	28,944,745	1,445,212
Total assets	8,821,555	30,229,351	39,050,906	1,615,817
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	204,079	186,612	390,691	0
LIABILITIES				
Current liabilities				
Accounts payable	18,305	35,108	53,413	0
Compensated absences payable	54,105	58,645	112,750	0
Unearned revenue	216,958	0	216,958	0
Notes payable	0	160,137	160,137	0
Liabilities payable from restricted assets				
Customer deposits payable	0	186,690	186,690	0
Accrued interest payable	0	6,447	6,447	0
Bonds payable	0	70,550	70,550	0
Total current liabilities	289,368	517,577	806,945	0
Noncurrent liabilities				
Advance from primary government	0	0	0	651,515
Net pension liability	225,915	206,580	432,495	0
Notes payable	0	1,503,638	1,503,638	0
Bonds payable	0	3,473,924	3,473,924	0
Total noncurrent liabilities	225,915	5,184,142	5,410,057	651,515
Total liabilities	515,283	5,701,719	6,217,002	651,515
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	124,162	0	124,162	0
Deferred inflows of resources - pension	163,299	149,322	312,621	0
Deferred inflows of resources - leases	0	405,292	405,292	0
Total deferred inflows of resources	287,461	554,614	842,075	0

See accompanying notes to the financial statements.

CITY OF BLAIRSVILLE, GEORGIA
STATEMENT OF NET POSITION
December 31, 2022

	Primary Government			Blairsville DDA Component Unit
	Governmental Activities	Business-type Activities	Total	
NET POSITION				
Net investment in capital assets	$ 1,870,055	$ 21,214,926	$ 23,084,981	$ 793,697
Restricted for:				
Law enforcement	1,188	0	1,188	0
Development	0	0	0	4,769
Grant specifications	29	0	29	0
Capital outlay	2,056,541	0	2,056,541	0
Debt service	0	242,398	242,398	0
Unrestricted	4,295,077	2,702,306	6,997,383	165,836
Total net position	$ 8,222,890	$ 24,159,630	$ 32,382,520	$ 964,302

See accompanying notes to the financial statements.

CITY OF BLAIRSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended December 31, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Blairsville DDA Component Unit
Primary government								
Governmental activities								
General government	$ 396,419	$ 37,675	$ 0	$ 47,733	$ (311,011)	$ 0	$ (311,011)	
Judicial	72,188	55,683	0	0	(16,505)	0	(16,505)	
Public safety	1,111,409	174,866	34,486	94,235	(807,822)	0	(807,822)	
Public works	336,061	0	0	569,531	233,470	0	233,470	
Culture and recreation	9,000	0	0	0	(9,000)	0	(9,000)	
Housing and development	177,208	0	0	0	(177,208)	0	(177,208)	
Total governmental activities	2,102,285	268,224	34,486	711,499	(1,088,076)	0	(1,088,076)	
Business-type activities								
Water and Sewerage	2,859,763	2,643,178	0	0	0	(216,585)	(216,585)	
Airport	821,529	547,855	0	48,231	0	(225,443)	(225,443)	
Total business-type activities	3,681,292	3,191,033	0	48,231	0	(442,028)	(442,028)	
Total primary government	$ 5,783,577	$ 3,459,257	$ 34,486	$ 759,730	$ (1,088,076)	$ (442,028)	$ (1,530,104)	
Blairsville DDA Component Unit	$ 64,408	$ 0	$ 35,449	$ 0				$ (28,959)
General revenues								
Taxes								
Property					$ 142,037	$ 0	$ 142,037	$ 0
Sales					1,509,101	0	1,509,101	0
Franchise					20,729	0	20,729	0
Alcoholic beverage					156,163	0	156,163	0
Insurance premium					43,117	0	43,117	0
Business occupation					88,296	0	88,296	0
Other					142,717	0	142,717	0
Interest and investment earnings					24,823	21,470	46,293	902
Gain on sale of capital assets					5,060	0	5,060	0
Miscellaneous					3,588	0	3,588	0
Transfers					(168,129)	168,129	0	0
Total general revenues and transfers					1,967,502	189,599	2,157,101	902
Change in net position					879,426	(252,429)	626,997	(28,057)
Net position - beginning					7,343,464	24,412,059	31,755,523	992,359
Net position - ending					$ 8,222,890	$ 24,159,630	$ 32,382,520	$ 964,302

See accompanying notes to the financial statements.

CITY OF BLAIRSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	General	SPLOST IV	SPLOST V	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	$ 3,702,862	$ 950,545	$ 680,041	$ 630,127	$ 5,963,575
Certificates of deposit	10,000	0	0	0	10,000
Receivables (net)					
Accounts	10,410	0	0	0	10,410
Intergovernmental	0	0	112,264	0	112,264
Taxes	172,417	0	0	6,487	178,904
Prepaid items	24,832	0	0	0	24,832
Advance to component unit	651,515	0	0	0	651,515
Total assets	$ 4,572,036	$ 950,545	$ 792,305	$ 636,614	$ 6,951,500
LIABILITIES					
Accounts payable	$ 11,818	$ 0	$ 0	$ 6,487	$ 18,305
Unearned revenue	38,050	0	0	178,908	216,958
Total liabilities	49,868	0	0	185,395	235,263
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for subsequent year	124,162	0	0	0	124,162
FUND BALANCES					
Nonspendable:					
Prepaid items	24,832	0	0	0	24,832
Advance to component unit	651,515	0	0	0	651,515
Restricted for:					
Law enforcement	0	0	0	1,188	1,188
Grant specifications	0	0	0	29	29
Capital outlay	0	950,545	792,305	313,691	2,056,541
Assigned to tourism	0	0	0	136,311	136,311
Unassigned	3,721,659	0	0	0	3,721,659
Total fund balances	4,398,006	950,545	792,305	451,219	6,592,075
Total liabilities, deferred inflows of resources, and fund balances	$ 4,572,036	$ 950,545	$ 792,305	$ 636,614	$ 6,951,500

See accompanying notes to the financial statements.

CITY OF BLAIRSVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2022

Total fund balance - total governmental funds		$ 6,592,075
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	$ 3,198,184	
Accumulated depreciation	(1,328,129)	1,870,055
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 of resources - pension	$ 204,079	
Deferred inflows of resources - pension	(163,299)	40,780
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Compensated absences payable	$ (54,105)	
Net pension liability	(225,915)	(280,020)
Net position of the governmental activities		$ 8,222,890

See accompanying notes to the financial statements.

CITY OF BLAIRSVILLE, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended December 31, 2022

	General	SPLOST IV	SPLOST V	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	$ 1,967,636	$ 0	$ 0	$ 134,524	$ 2,102,160
Licenses and permits	37,640	0	0	0	37,640
Fines and forfeitures	173,138	0	0	0	173,138
Charges for services	57,447	0	0	0	57,447
Intergovernmental	13,670	54,857	634,655	0	703,182
Interest	23,877	5,102	1,519	2,644	33,142
Contributions	34,486	0	0	0	34,486
Other	3,588	0	0	0	3,588
Total revenues	2,311,482	59,959	636,174	137,168	3,144,783
EXPENDITURES					
Current					
General government	375,960	0	0	0	375,960
Judicial	72,188	0	0	0	72,188
Public safety	1,126,955	0	0	0	1,126,955
Public works	181,576	0	0	0	181,576
Culture and recreation	9,000	0	0	0	9,000
Housing and development	51,432	0	0	126,315	177,747
Capital outlay	0	133,359	76,626	0	209,985
Total expenditures	1,817,111	133,359	76,626	126,315	2,153,411
Excess (deficiency) of revenues over (under) expenditures	494,371	(73,400)	559,548	10,853	991,372
Other financing sources (uses)					
Transfers out	0	(2,318)	(136,313)	(29,498)	(168,129)
Proceeds from sale of capital assets	31,100	0	0	0	31,100
Total other financing sources (uses)	31,100	(2,318)	(136,313)	(29,498)	(137,029)
Net change in fund balances	525,471	(75,718)	423,235	(18,645)	854,343
Fund balances, January 1	3,872,535	1,026,263	369,070	469,864	5,737,732
Fund balances, December 31	$ 4,398,006	$ 950,545	$ 792,305	$ 451,219	$ 6,592,075

See accompanying notes to the financial statements.

CITY OF BLAIRSVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2022

Net change in fund balances - total governmental funds		$ 854,343
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 194,547	
Depreciation	(150,582)	43,965
In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.		
Cost of assets disposed	$ (51,248)	
Related accumulated depreciation	25,208	(26,040)
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	$ 79,727	
Cost of benefits earned net of employee contributions	(66,647)	13,080
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These include the following:		
Net change in compensated absences		(5,922)
Change in net position of governmental activities		$ 879,426

CITY OF BLAIRSVILLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the year ended December 31, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,528,003	$ 1,623,465	$ 1,967,636	$ 344,171
Licenses and permits	31,500	31,000	37,640	6,640
Fines and forfeitures	113,000	118,000	173,138	55,138
Charges for services	48,200	43,600	57,447	13,847
Intergovernmental	21,000	21,000	13,670	(7,330)
Interest	5,000	5,000	23,877	18,877
Contributions	50,000	50,000	34,486	(15,514)
Other	1,000	1,100	3,588	2,488
Total revenues	1,797,703	1,893,165	2,311,482	418,317
EXPENDITURES				
Current				
General government				
General administration	394,659	394,659	375,960	18,699
Judicial				
Municipal court	52,300	75,800	72,188	3,612
Public safety				
Police	973,860	1,109,900	1,126,955	(17,055)
Public works				
Streets	326,483	249,643	181,576	68,067
Culture and recreation				
Library	9,000	9,000	9,000	0
Housing and development				
Downtown development	41,401	54,163	51,432	2,731
Total expenditures	1,797,703	1,893,165	1,817,111	76,054
Excess (deficiency) of revenues over (under) expenditures	0	0	494,371	494,371
Other financing sources (uses)				
Proceeds from sale of capital assets	0	0	31,100	31,100
Net change in fund balances	0	0	525,471	525,471
Fund balances, January 1	0	0	3,872,535	3,872,535
Fund balances, December 31	$ 0	$ 0	$ 4,398,006	$ 4,398,006

See accompanying notes to the financial statements.

CITY OF BLAIRSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2022

	Business-Type Activities		
	Water and Sewerage	Airport	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,676,395	$ 140,814	$ 2,817,209
Restricted cash and cash equivalents			
Customer deposits	186,690	0	186,690
Debt service	248,845	0	248,845
Receivables (net)			
Accounts	305,039	0	305,039
Intergovernmental	0	11,244	11,244
Prepaid items	28,098	22,073	50,171
Inventory	139,357	47,621	186,978
Total current assets	3,584,424	221,752	3,806,176
Noncurrent assets			
Capital assets			
Nondepreciable	187,478	2,739,671	2,927,149
Depreciable (net)	13,607,946	9,888,080	23,496,026
Total noncurrent assets	13,795,424	12,627,751	26,423,175
Total assets	17,379,848	12,849,503	30,229,351
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	167,627	18,985	186,612
LIABILITIES			
Current liabilities			
Accounts payable	34,547	561	35,108
Compensated absences payable	52,780	5,865	58,645
Notes payable	160,137	0	160,137
Liabilities payable from restricted assets			
Customer deposits payable	186,690	0	186,690
Accrued interest payable	6,447	0	6,447
Bonds payable	70,550	0	70,550
Total current liabilities	511,151	6,426	517,577
Noncurrent liabilities			
Net pension liability	185,563	21,017	206,580
Notes payable	1,503,638	0	1,503,638
Bonds payable	3,473,924	0	3,473,924
Total noncurrent liabilities	5,163,125	21,017	5,184,142
Total liabilities	5,674,276	27,443	5,701,719
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	134,131	15,191	149,322
Deferred inflows of resources - leases	0	405,292	405,292
Total deferred inflows of resources	134,131	420,483	554,614
NET POSITION			
Net investment in capital assets	8,587,175	12,627,751	21,214,926
Restricted for debt service	242,398	0	242,398
Unrestricted	2,909,495	(207,189)	2,702,306
Total net position	$ 11,739,068	$ 12,420,562	$ 24,159,630

See accompanying notes to the financial statements.

CITY OF BLAIRSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the year ended December 31, 2022

	Business-Type Activities		
	Water and Sewerage	Airport	Totals
OPERATING REVENUES			
Water charges	$ 1,245,392	$ 0	$ 1,245,392
Sewer charges	1,204,394	0	1,204,394
Water and sewer tap fees	122,040	0	122,040
Airport charges	0	547,466	547,466
Miscellaneous	71,352	389	71,741
Total operating revenues	2,643,178	547,855	3,191,033
OPERATING EXPENSES			
Personnel services	1,086,786	131,677	1,218,463
Costs of sales and services	852,685	379,491	1,232,176
Depreciation	759,906	310,361	1,070,267
Total operating expenses	2,699,377	821,529	3,520,906
Operating income (loss)	(56,199)	(273,674)	(329,873)
Non-operating revenues (expenses)			
Interest revenue	20,633	837	21,470
Interest expense	(160,386)	0	(160,386)
Total non-operating revenues (expenses)	(139,753)	837	(138,916)
Net income (loss) before capital contributions and transfers	(195,952)	(272,837)	(468,789)
Capital contributions			
Intergovernmental revenue	0	48,231	48,231
Net income before transfers	(195,952)	(224,606)	(420,558)
Transfers			
Transfers in	168,129	0	168,129
Change in net position	(27,823)	(224,606)	(252,429)
Net position, January 1	11,766,891	12,645,168	24,412,059
Net position, December 31	$ 11,739,068	$ 12,420,562	$ 24,159,630

See accompanying notes to the financial statements.

CITY OF BLAIRSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2022

	Business-Type Activities		
	Water and Sewerage	Airport	Totals
Cash flows from operating activities:			
Receipts from customers and users	$ 2,581,213	$ 499,559	$ 3,080,772
Payments to suppliers	(826,447)	(406,069)	(1,232,516)
Payments to employees	(1,088,042)	(129,946)	(1,217,988)
Other receipts	71,352	389	71,741
Net cash provided (used) by operating activities	738,076	(36,067)	702,009
Cash flows from capital and related financing activities:			
Receipts from other governments	0	106,732	106,732
Receipts from other funds	168,129	0	168,129
Acquisition of capital assets	(173,224)	(43,992)	(217,216)
Payment of capital related payables	(114,598)	(32,084)	(146,682)
Principal payments - notes payable	(173,266)	0	(173,266)
Principal payments - bonds payable	(67,916)	0	(67,916)
Interest paid	(160,677)	0	(160,677)
Net cash provided (used) by capital and related financing activities	(521,552)	30,656	(490,896)
Cash flows from investing activities:			
Interest received	20,633	837	21,470
Net increase in cash and cash equivalents	237,157	(4,574)	232,583
Cash and cash equivalents, January 1	2,874,773	145,388	3,020,161
Cash and cash equivalents, December 31	$ 3,111,930	$ 140,814	$ 3,252,744
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ (56,199)	$ (273,674)	$ (329,873)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	759,906	310,361	1,070,267
(Increase) decrease in accounts receivable	3,288	0	3,288
(Increase) decrease in prepaid items	936	(5,737)	(4,801)
(Increase) decrease in inventory	10,258	(19,077)	(8,819)
(Increase) decrease in deferred outflows of resources - pension	3,598	(2,402)	1,196
Increase (decrease) in accounts payable	15,044	(1,764)	13,280
Increase (decrease) in compensated absences payable	8,845	208	9,053
Increase (decrease) in customer deposits payable	6,099	0	6,099
Increase (decrease) in net pension liability	43,638	7,273	50,911
Increase (decrease) in deferred inflows of resources - pension	(57,337)	(3,348)	(60,685)
Increase (decrease) in deferred inflows of resources - leases	0	(47,907)	(47,907)
Total adjustments	794,275	237,607	1,031,882
Net cash provided (used) by operating activities	$ 738,076	$ (36,067)	$ 702,009
Cash and cash equivalents reconciliation			
Cash and cash equivalents	$ 2,676,395	$ 140,814	$ 2,817,209
Cash and cash equivalents restricted for customer deposits	186,690	0	186,690
Cash and cash equivalents restricted for debt service	248,845	0	248,845
	$ 3,111,930	$ 140,814	$ 3,252,744

See accompanying notes to the financial statements.

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City was incorporated on December 26, 1835, and is the sole incorporated community in Union County, Georgia. The City operates under a City Council / Mayor form of government. Policy making and legislative authority are vested in the Mayor and a five member City Council elected at large. The Mayor is responsible for the daily operations of the City. The City provides basic services, which include general government, public safety, public works, culture and recreation, and housing and development. Water and sewer services, including wastewater treatment, are also provided. In addition, the City operates the Blairsville Municipal Airport, a FAA level III airport just outside the city limits.

The accompanying financial statements present the City and its component unit, entity for which the City is considered to be financially accountable. The component unit column on the government-wide financial statements is used to emphasize that the entity is legally separate from the City.

Discretely Presented Component Unit

The City of Blairsville Downtown Development Authority (the “DDA”) is reported as a discretely presented component unit in the accompanying financial statements. The purpose of the DDA is to promote business and commerce within the central business district of the City. The Mayor and City Council appoint all of the board members to the DDA. Information included herein has been compiled from the records of the DDA. Separate financial statements for the City of Blairsville Downtown Development Authority are not prepared.

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. (For the most part, the effect of interfund activity has been removed from these statements). Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units. The Statement of Net Position will include noncurrent assets and noncurrent liabilities. In addition, the government-wide Statement of Activities reflects depreciation expense on the City's capital assets.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1. Summary of Significant Accounting Policies (continued)

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Custodial funds use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1. Summary of Significant Accounting Policies (continued)

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

The City reports the following major governmental funds:

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

The **SPLOST IV Fund** accounts for the receipt and disbursement of special purpose local option sales tax (SPLOST) funds.

The **SPLOST V Fund** accounts for the receipt and disbursement of special purpose local option sales tax (SPLOST) funds.

The City reports the following major proprietary funds:

The **Water and Sewerage Fund** accounts for the activity of the City's utility system.

The **Airport Fund** accounts for revenues from user charges and the costs of providing airport hangar space, fuel and oil, and related services.

The City also reports the following fund types:

The **Special Revenue Funds** are used to account for specific revenues, such as confiscations and forfeitures and hotel/motel tax revenues, which are legally restricted or committed to expenditures for specific, restricted purposes.

The **Capital Project Funds** are used to account for the collection and expenditures of certain restricted revenues, such as sales tax receipts and impact fee.

1. Summary of Significant Accounting Policies (continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

Amounts reported as cash by the City in the accompanying financial statements include cash on hand and on deposit with financial institutions.

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia.

Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

1. Summary of Significant Accounting Policies (continued)

E. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Customer accounts receivable include billed but uncollected amounts and unbilled receivables based upon a pro rata amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

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

F. Leases Receivable

Leases receivable are measured at the present value of lease payments expected to be received during the lease terms.

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

G. Prepaid Items

Prepaid items are accounted for using the consumption method. Payments made to vendors for services that will benefit periods beyond the current year are recorded as prepaid items in both government-wide and fund financial statements.

1. Summary of Significant Accounting Policies (continued)

H. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased and is adjusted when accounted for at interval periods during the year or at year-end.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Infrastructure (e.g., roads, bridges, sidewalks, and similar items) prior to January 1, 2004 have not been reported.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Useful Life in Years
Buildings and improvements	10-50
Infrastructure	25-50
Machinery, equipment, and intangibles	6-10

1. Summary of Significant Accounting Policies (continued)

J. Deferred Outflows / Inflows of Resources

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of January 1, 2013. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City 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 position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's unavailable revenues arise only under a modified accrual basis of accounting. Accordingly, they are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, which will be recognized as an inflow of resources in the period in which the amounts become available. The City also reports deferred inflows of resources related to their defined benefit pension plan and leases.

K. Compensated Absences

The City offers full-time employees compensated time off for personal leave, which may be used for vacation or sickness. Personal leave is accrued on a monthly basis according to length of service. Policy permits employees to carry forward accumulated, but unused, leave time up to a maximum of 160 hours for vacation leave and 600 hours for sick leave. The City's liability has been calculated using the vesting method; leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future for such payments, are included.

1. Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations

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

Proprietary fund type loans payable are reported as liabilities at their outstanding value. Loan issuance costs are reported as expenses when incurred. In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources and bond issuance costs as expenditures.

M. Fund Equity and Net Position

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

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

Fund balances are classified as follows:

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

1. Summary of Significant Accounting Policies (continued)

M. Fund Equity and Net Position, continued

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

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

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council retains the authority to assign amounts for specific purposes by a formal vote (resolution). Only the City Council may modify or rescind the assignment.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund.

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

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

1. Summary of Significant Accounting Policies (continued)

N. Management Estimates

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

O. Interfund Transactions

Interfund services provided and used in the fund financial statements are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

P. Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year-end. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not employed by the City.

2. Legal Compliance - Budgets

The applicable statutes of the State of Georgia require the City to operate under an annual balanced budget adopted by resolution for all governmental funds. A budget is defined as being balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. Annual budgets are adopted for the General Fund and each special revenue fund. Capital projects funds have project length budgets. The budget is adopted on a basis consistent with generally accepted accounting principles, and on the same basis of accounting used by each fund to which the budget applies. Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures are budgeted by department, which constitutes the legal level of control and the level at which expenditures may not legally exceed appropriations. All annual appropriations lapse at year-end.

Budget revisions at the department level are subject to final review by the City Council. Amendments to the budget were made for the year to reflect greater than expected revenues and increased operating costs in certain departments.

Although not required by state law, an operating budget is also adopted for the proprietary funds for administrative control purposes.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

3. Deposits

Credit risk: The City's policy is to adhere to the State statues as it relates to credit risk for investments. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

3. Deposits (continued)

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

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.

Concentration of credit risk: The City places no limit on the amount it may invest in any one issuer.

4. Receivables

Receivables at the end of the current year, including the applicable allowances for uncollectible accounts are as follows:

	General	SPLOST V	Nonmajor Governmental	Totals
Receivables:				
Accounts	$ 20,820	$ 0	$ 0	$ 20,820
Intergovernmental	0	112,264	0	112,264
Taxes	172,417	0	6,487	178,904
Advance to component unit	651,515	0	0	651,515
Less allowance for uncollectible	(10,410)	0	0	(10,410)
Net totals	$ 834,342	$ 112,264	$ 6,487	$ 953,093

	Water and Sewerage	Airport	Totals
Receivables:			
Accounts	$ 308,654	$ 0	$ 308,654
Intergovernmental	0	11,244	11,244
Less allowance for uncollectible	(3,615)	0	(3,615)
Net totals	$ 305,039	$ 11,244	$ 316,283

4. Receivables (continued)

Leases – Airport

During prior fiscal years, the City entered into multiple leases as Lessor for the use of hangars at the City's airport. The leases receivable and related deferred inflows of resources are measured at the present value of the future minimum rent payments expected to be received during the lease term. Each of the leases required payment in full at inception. The value of the deferred inflows of resources at the end of the current year is $405,292. The City recognized lease revenue of $100,231 on the leases during the current fiscal year.

5. Property Taxes

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for the 2022 tax digest year, based upon the assessments as of January 1, 2022, were levied on August 9, 2022, billed on September 23, 2022, and due on December 20, 2022. The City has not established a lien date for unpaid property taxes. The 2022 tax digest is to fund the 2023 budget. Therefore, the tax proceeds for this year have been reported as deferred inflows of resources.

6. Interfund Transfers

Interfund activity consisted of the following for the current year:

Transfer Out Fund	Transfer In Fund	Amount
SPLOST IV	Water and Sewerage	$ 2,318
SPLOST V	Water and Sewerage	136,313
Nonmajor Governmental	Water and Sewerage	29,498
		$ 168,129

6. Interfund Transfers (continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

7. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Nondepreciable assets				
Land	$ 241,514	$ 0	$ 0	$ 241,514
Total nondepreciable assets	241,514	0	0	241,514
Depreciable assets				
Buildings and improvements	1,283,645	78,366	0	1,362,011
Infrastructure	743,679	0	0	743,679
Machinery and equipment	786,047	116,181	(51,248)	850,980
Total depreciable assets	2,813,371	194,547	(51,248)	2,956,670
Accumulated depreciation				
Buildings and improvements	(364,232)	(46,620)	0	(410,852)
Infrastructure	(216,910)	(37,184)	0	(254,094)
Machinery and equipment	(621,613)	(66,778)	25,208	(663,183)
Total accumulated depreciation	(1,202,755)	(150,582)	25,208	(1,328,129)
Total depreciable assets, net	1,610,616	43,965	(26,040)	1,628,541
Governmental activities capital assets, net	$ 1,852,130	$ 43,965	$ (26,040)	$ 1,870,055

7. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Non-depreciable assets				
Land	$ 1,753,333	$ 0	$ 0	$ 1,753,333
Airspace easements	1,035,758	0	0	1,035,758
Construction in progress	1,796,510	70,498	(1,728,950)	138,058
Total non-depreciable assets	4,585,601	70,498	(1,728,950)	2,927,149
Depreciable assets				
Buildings and improvements	15,012,687	437,604	0	15,450,291
Infrastructure	20,132,766	0	0	20,132,766
Machinery, equipment, and intangibles	2,405,118	1,438,064	0	3,843,182
Total depreciable assets	37,550,571	1,875,668	0	39,426,239
Accumulated depreciation				
Buildings and improvements	(4,566,045)	(351,822)	0	(4,917,867)
Infrastructure	(8,771,883)	(511,657)	0	(9,283,540)
Machinery, equipment, and intangibles	(1,522,018)	(206,788)	0	(1,728,806)
Total accumulated depreciation	(14,859,946)	(1,070,267)	0	(15,930,213)
Total depreciable assets, net	22,690,625	805,401	0	23,496,026
Business-type activities capital assets, net	$ 27,276,226	$ 875,899	$ (1,728,950)	$ 26,423,175

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

Governmental activities	
General Government	$ 11,959
Public Safety	66,357
Public Works	72,266
Total depreciation expense for governmental activities	$ 150,582
Business-type activities	
Water and Sewerage	$ 759,906
Airport	310,361
Total depreciation expense for business-type activities	$ 1,070,267

7. Capital Assets (continued)

Capital asset activity for the City of Blairsville Downtown Development Authority Component Unit for the current year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable assets				
Land	$ 1,445,212	$ 0	$ 0	$ 1,445,212

8. Long-Term Debt

Business-Type Activities

Bonds from Direct Placements

Series 2010A and 2010B Revenues Bonds: The Series 2010A and 2010B revenue bonds were originally issued for $3,398,000 and $802,000, respectively. The interest rates on the Series 2010A and 2010B bonds are 4.25% and 2.50%, respectively. The bonds are payable in monthly installments of $17,395 through 2051. The proceeds from the bonds were used for additions, extensions, and improvements to the waste water treatment facility. The City has pledged net revenues of the water and sewerage system as collateral for the bonds. Upon the happening and continuance of any event of default, the holder of the bonds may, by a notice in writing to the City, declare the principal and any accrued interest to be due and payable immediately.

8. Long-Term Debt (continued)

Business-Type Activities, continued

Bonds from Direct Placements, continued

Bonds from direct placements currently outstanding mature as follows:

Year Ending December 31,	Principal	Interest	Total
2023	$ 70,550	$ 138,190	$ 208,740
2024	73,320	135,420	208,740
2025	76,204	132,536	208,740
2026	79,205	129,535	208,740
2027	82,328	126,412	208,740
2028-2032	463,149	580,551	1,043,700
2033-2037	562,811	480,889	1,043,700
2038-2042	684,722	358,978	1,043,700
2043-2047	833,967	209,733	1,043,700
2048-2051	618,218	40,689	658,907
Totals	$ 3,544,474	$ 2,332,933	$ 5,877,407

Notes from Direct Borrowings

Notes from Direct Borrowings - GEFA: The City has incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewerage system projects. As security for the payments required to be made and the obligations required to be performed by the City, the City has pledged its full faith and credit and revenue-raising power (including its taxing power) for such payment and performance. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. These notes, including their original balances, are as follows:

Interest Rate	Term	Due Date	Original Balance
3.00%	10 years	2022	$ 322,800
3.92%	20 years	2028	600,000
1.06%	10 years	2031	640,000
0.50%	20 years	2037	1,269,750
			$ 2,832,550

8. Long-Term Debt (continued)

Business-Type Activities, continued

Notes from Direct Borrowings, continued

The City's notes from direct borrowings debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	$ 160,137	$ 17,399	$ 177,536
2024	162,539	14,997	177,536
2025	165,006	12,530	177,536
2026	167,542	9,994	177,536
2027	170,148	7,388	177,536
2028-2032	563,304	15,335	578,639
2033-2037	275,099	2,933	278,032
Totals	$ 1,663,775	$ 80,576	$ 1,744,351

9. 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:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	$ 48,183	$ 54,105	$ (48,183)	$ 54,105	$ 54,105
Business-type activities					
Compensated absences	$ 49,592	$ 58,645	$ (49,592)	$ 58,645	$ 58,645
Notes from direct borrowings	1,837,041	0	(173,266)	1,663,775	160,137
Bonds from direct placements	3,612,390	0	(67,916)	3,544,474	70,550
Total business-type activities	$ 5,499,023	$ 58,645	$ (290,774)	$ 5,266,894	$ 289,332

9. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities, continued

Bond discounts/premiums are amortized over the life of the related debt. For governmental funds, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewerage Fund and the Airport Fund. The total interest incurred and charged to expense for the current year was $160,386 for the business-type activities.

10. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows at the end of the current year:

	Governmental Activities	Business-Type Activities	DDA Component Unit
Cost of capital assets	$ 3,198,184	$ 42,353,388	$ 1,445,212
Accumulated depreciation	(1,328,129)	(15,930,213)	0
Book value	1,870,055	26,423,175	1,445,212
Advance from primary government	0	0	(651,515)
Notes payable	0	(1,663,775)	0
Bonds payable	0	(3,544,474)	0
Net investment in capital assets	$ 1,870,055	$ 21,214,926	$ 793,697

11. Pension Plans

Defined Benefit Pension Plan

Plan Description. The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Blairsville Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. Participants are not allowed to contribute to the Plan. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

At July 1, 2022, the date of the most recent actuarial valuation, there were 54 participants consisting of the following:

Active participants	34
Vested terminated participants	6
Retired participants and beneficiaries	14
Total number of participants	54

11. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Benefits Provided. As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. Eligibility for participation is available immediately beginning with the date of employment for all full-time employees who work at least thirty hours a week. Elected officials are covered by the Plan. Employee benefits vest 50% after five years of service and continue vesting an additional 10% each year thereafter. Benefits fully vest after ten years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 1.50% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he has a minimum of 10 years total credited service. Retirement between the ages of 55 and 65 will result in a reduced monthly benefit. To receive full benefits, an employee must be employed until age 65. The benefit is calculated on the last five years' highest averaged earnings.

Contributions. The plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted an actuarial funding policy for the plan which meets the state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan, as adopted by the City Council, is to contribute an amount equal to or greater than the recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by the plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's contributions to the plan for the current year totaled $152,631, or 9.95% of covered payroll. Employees do not contribute to the plan.

11. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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 $432,495. The net pension liability was measured as of March 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. For the current year, the City recognized pension expense of $130,974.

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at March 31, 2021	$ 3,367,675	$ 3,038,532	$ 329,143
Changes for the year:			
Service cost	51,154	0	51,154
Interest	245,897	0	245,897
Differences between expected and actual experience	117,804	0	117,804
Contributions—employer	0	136,805	(136,805)
Net investment income	0	185,102	(185,102)
Benefit payments, including refunds of employee contributions	(169,264)	(169,264)	0
Administrative expense	0	(10,404)	10,404
Net changes	245,591	142,239	103,352
Balances at March 31, 2022	$ 3,613,266	$ 3,180,771	$ 432,495

Plan fiduciary net position as a percentage of the total pension liability	88.03%
Covered payroll	$ 1,429,703
Employer's net pension liability as a percentage of covered payroll	30.25%

11. Pension Plans (continued)

Defined Benefit 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
City contributions subsequent to the measurement date	$ 114,474	$ 0
Changes of assumptions	0	(12,824)
Differences between expected and actual experience	276,217	0
Net difference between projected and actual earnings on pension plan investments	0	(299,797)
Totals	$ 390,691	$ (312,621)

The $114,474 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 in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31,	
2023	$ 36,458
2024	4,197
2025	(84,541)
2026	7,482
Totals	$ (36,404)

11. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Actuarial Assumptions. The total pension liability in the July 1, 2022 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%

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

The methods and assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period of January 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. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

11. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.55%
International equity	20%	7.30%
Domestic fixed income	20%	0.40%
Real estate	10%	3.65%
Global fixed income	5%	0.50%
Cash	0%	
Total	100%	

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.

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate. The following presents what the net pension liability (asset) 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%	$ 850,555
Current discount rate	7.375%	432,495
1% increase	8.375%	75,120

11. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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 also covered under the Peace Officers' Annuity and Benefit Fund of Georgia and the Georgia Firefighters' Pension Fund. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the financial statements.

12. Deferred Compensation Plan

The City of Blairsville offers its employees a deferred compensation plan (the City of Blairsville Savings and Retirement Plan) created in accordance with Internal Revenue Code Section 457. The Mayor and Council established this defined contribution plan and Ameritas administers the plan. Full-time City employees are eligible the first of the month following employment and participation is optional. This is a contributory plan in that the City makes discretionary matching contributions equal to a percentage of the employees' elective deferrals. During the current year, the City's match was capped at 5%. Employees' contributions are vested immediately. The City's matching contributions vest in incremental percentages of 20% for years of service of one to five years and after five years of service the matching contributions are considered 100% vested for the employee. During the current year, employee and matching contributions of the City were $60,131 and $52,453, respectively.

13. Hotel/Motel Lodging Tax

The City has levied a 5% lodging tax in accordance with OCGA 48-13-51. The City is required to spend an amount equal to at least 40% for the purpose of promoting tourism, conventions, and trade shows or for facilities used for these purposes. A summary of the transactions for the current year follows:

Lodging tax receipts	$ 134,524	
Disbursements for tourism	$ 56,140	42% of tax receipts

14. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During the current year, the City paid $811 in such dues. Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC Board membership includes the chief elected official in 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 RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, GA 30501.

15. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which, except as described in the following paragraph, the City carries commercial insurance in amounts deemed prudent by City management.

The City participates in the Georgia Inter-local Risk Management Agency Property and Liability Insurance Fund (GIRMA) and the Georgia Municipal Association Group Workers' Compensation Self-Insurance Fund (GMA), public entity risk pools currently operating as common risk management and insurance programs for member local governments.

15. Risk Management (continued)

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss.

GIRMA's responsibility includes paying claims, and representing the City in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior or current year. The City is unaware of any claims that the City is liable (up to the applicable deductible) which were outstanding and unpaid at the end of the current year. No provisions have been made in the financial statements for the current year for any estimate of potential unpaid claims.

As a participant in GMA's risk pool, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims.

However, the enabling statute creating the fund permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency, as management believes the likelihood for assessment is remote.

The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds. The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

15. Risk Management (continued)

There have been no significant reductions of insurance coverage from coverage in the prior year and settled claims have not exceeded the coverages in the past three years.

16. Commitments and Contingencies

Commitments

At the end of the current year, contractual commitments on uncompleted contracts were $104,830.

Contingencies

From discussion with legal counsel, it is estimated that any losses resulting from pending suits will likely be covered by insurance and should not result in material liabilities to the City. The City has entered into various agreements and contracts in the normal course of business. There were no such agreements which give rise to assets or liabilities that are considered to be material at the end of the current year.

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

17. New Accounting Pronouncements

The City implemented GASB Statement No. 87, *Leases,* effective for the City's current year. The requirements of this statement are effective for periods beginning after June 15, 2021. This statement had no effect on the net position of the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLAIRSVILLE, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
December 31, 2022
(Unaudited)

	Fiscal Year End							
	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	$ 51,154	$ 49,365	$ 48,908	$ 43,869	$ 45,317	$ 37,201	$ 44,770	$ 39,758
Interest	245,897	223,028	209,066	193,562	176,893	158,769	147,143	135,798
Differences between expected and actual experience	117,804	193,173	142,861	74,073	88,334	27,911	(7,617)	35,037
Changes of assumptions	0	0	0	0	0	0	0	(36,614)
Benefit payments, including refunds of employee contributions	(169,264)	(145,269)	(120,078)	(99,570)	(75,050)	(40,978)	(27,587)	(27,587)
Other	0	0	(32,058)	0	31,237	67,986	0	0
Net change in total pension liability	245,591	320,297	248,699	211,934	266,731	250,889	156,709	146,392
Total pension liability - beginning	3,367,675	3,047,378	2,798,679	2,586,745	2,320,014	2,069,125	1,912,416	1,766,024
Total pension liability - ending (a)	$ 3,613,266	$ 3,367,675	$ 3,047,378	$ 2,798,679	$ 2,586,745	$ 2,320,014	$ 2,069,125	$ 1,912,416
Plan fiduciary net position								
Contributions - employer	$ 136,805	$ 115,013	$ 98,516	$ 85,028	$ 76,504	$ 84,562	$ 85,743	$ 88,319
Net investment income	185,102	955,646	(160,394)	81,333	251,000	224,999	6,113	148,080
Benefit payments, including refunds of employee contributions	(169,264)	(145,269)	(120,078)	(99,570)	(75,050)	(40,978)	(27,587)	(27,587)
Administrative expense	(10,404)	(10,078)	(11,084)	(10,565)	(10,104)	(12,140)	(7,267)	(6,698)
Net change in plan fiduciary net position	142,239	915,312	(193,040)	56,226	242,350	256,443	57,002	202,114
Plan fiduciary net position - beginning	3,038,532	2,123,220	2,316,260	2,260,034	2,017,684	1,761,241	1,704,239	1,502,125
Plan fiduciary net position - ending (b)	$ 3,180,771	$ 3,038,532	$ 2,123,220	$ 2,316,260	$ 2,260,034	$ 2,017,684	$ 1,761,241	$ 1,704,239
Net pension liability - ending : (a) - (b)	$ 432,495	$ 329,143	$ 924,158	$ 482,419	$ 326,711	$ 302,330	$ 307,884	$ 208,177
Plan's fiduciary net position as a percentage of the total pension liability	88.03%	90.23%	69.67%	82.76%	87.37%	86.97%	85.12%	89.11%
Covered payroll	$ 1,429,703	$ 1,324,494	$ 1,308,947	$ 1,180,950	$ 1,115,417	$ 1,137,848	$ 1,138,112	$ 1,118,389
Net pension liability as a percentage of covered payroll	30.25%	24.85%	70.60%	40.85%	29.29%	26.57%	27.05%	18.61%

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

See accompanying notes to the required supplementary information.

CITY OF BLAIRSVILLE, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
December 31, 2022
(Unaudited)

	Fiscal Year End							
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarially determined contribution	$ 152,631	$ 131,530	$ 109,507	$ 94,852	$ 81,753	$ 74,754	$ 85,364	$ 85,870
Contributions in relation to the actuarially determined contribution	(152,631)	(131,530)	(109,507)	(94,852)	(83,604)	(74,754)	(87,214)	(85,870)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ (1,851)	$ 0	$ (1,850)	$ 0
Covered payroll	$ 1,534,237	$ 1,538,320	$ 1,365,272	$ 1,308,947	$ 1,180,950	$ 1,115,417	$ 1,137,848	$ 1,138,112
Contributions as a percentage of covered payroll	9.95%	8.55%	8.02%	7.25%	7.08%	6.70%	7.66%	7.54%

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

See accompanying notes to the required supplementary information.

1. Valuation Date

The actuarially determined contribution rate was determined as of July 1, 2022, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ending December 31, 2023.

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.

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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COMBINING STATEMENTS

Nonmajor Governmental Funds

CITY OF BLAIRSVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2022

	Special Revenue			Capital Projects	
	Hotel/Motel Tax	Confiscated Assets	American Rescue Plan Act of 2021	SPLOST III	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	$ 136,311	$ 1,188	$ 178,937	$ 313,691	$ 630,127
Taxes receivable	6,487	0	0	0	6,487
Total assets	$ 142,798	$ 1,188	$ 178,937	$ 313,691	$ 636,614
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 6,487	$ 0	$ 0	$ 0	$ 6,487
Unearned revenue	0	0	178,908	0	178,908
Total liabilities	6,487	0	178,908	0	185,395
Fund balances					
Restricted for law enforcement	0	1,188	0	0	1,188
Restricted for grant specifications	0	0	29	0	29
Restricted for capital outlay	0	0	0	313,691	313,691
Assigned to tourism	136,311	0	0	0	136,311
Total fund balances	136,311	1,188	29	313,691	451,219
Total liabilities and fund balances	$ 142,798	$ 1,188	$ 178,937	$ 313,691	$ 636,614

CITY OF BLAIRSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2022

	Special Revenue			Capital Projects	
	Hotel/Motel Tax	Confiscated Assets	American Rescue Plan Act of 2021	SPLOST III	Total Nonmajor Governmental Funds
REVENUES					
Taxes	$ 134,524	$ 0	$ 0	$ 0	$ 134,524
Interest	915	8	23	1,698	2,644
Total revenues	135,439	8	23	1,698	137,168
EXPENDITURES					
Current					
Housing and development	126,315	0	0	0	126,315
Total expenditures	126,315	0	0	0	126,315
Excess (deficiency) of revenues over (under) expenditures	9,124	8	23	1,698	10,853
Other financing sources (uses)					
Transfers out	0	0	0	(29,498)	(29,498)
Net change in fund balances	9,124	8	23	(27,800)	(18,645)
Fund balances, January 1	127,187	1,180	6	341,491	469,864
Fund balances, December 31	$ 136,311	$ 1,188	$ 29	$ 313,691	$ 451,219

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally or donor restricted or committed to expenditure for particular purposes.

Hotel/Motel Tax Fund – This fund is used to account for monies collected from the 5% lodging tax. Revenues collected are restricted by State law for the promotion of tourism, conventions, and trade shows.

Confiscated Assets Fund – This fund is used to account for cash or property received from drug confiscations restricted for law enforcement.

American Rescue Plan Act of 2021 Fund – This fund is used to account for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.

CITY OF BLAIRSVILLE, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2022

	Budget	Actual	Variance
REVENUES			
Taxes	$ 127,000	$ 134,524	$ 7,524
Interest	0	915	915
Total revenues	127,000	135,439	8,439
EXPENDITURES			
Current			
Housing and development	127,000	126,315	685
Total expenditures	127,000	126,315	685
Net change in fund balances	0	9,124	9,124
Fund balances, January 1	0	127,187	127,187
Fund balances, December 31	$ 0	$ 136,311	$ 136,311

CITY OF BLAIRSVILLE, GEORGIA
CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2022

	Budget	Actual	Variance
REVENUES			
Fines and forfeitures	$ 1,000	$ 0	$ (1,000)
Interest	0	8	8
Total revenues	1,000	8	(992)
EXPENDITURES			
Current			
Public safety	1,000	0	1,000
Total expenditures	1,000	0	1,000
Net change in fund balances	0	8	8
Fund balances, January 1	0	1,180	1,180
Fund balances, December 31	$ 0	$ 1,188	$ 1,188

CITY OF BLAIRSVILLE, GEORGIA
AMERICAN RESCUE PLAN ACT OF 2021 FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2022

	Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 1,000	$ 0	$ (1,000)
Interest	0	23	23
Total revenues	1,000	23	(977)
EXPENDITURES			
Current			
General government	1,000	0	1,000
Total expenditures	1,000	0	1,000
Net change in fund balances	0	23	23
Fund balances, January 1	0	6	6
Fund balances, December 31	$ 0	$ 29	$ 29

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 Blairsville, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Blairsville, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Blairsville, Georgia's basic financial statements and have issued our report thereon dated March 10, 2023.

Report on Internal Control over Financial Reporting

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

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below that we consider to be significant deficiencies:

2022-001

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

2022-001, continued

Criteria: Effective internal control requires that the City accept responsibility and understanding of the audited financial report.

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 understand the financial statements may lead to material misstatements.

Recommendation: City personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the City's financial statements.

Management Response: Management concurs with this finding. Finance staff will continue classes to obtain/renew certifications. Additional educational classes are recommended on GASB 34, the preparation of the government-wide financial statements, and the reconciling items for full accrual statements.

2022-002

Condition: While performing audit procedures, we noted 3 of 15 customer account adjustments lacked supporting documentation and evidence of approval.

Criteria: Proper internal controls require proper approval for customer account adjustments.

Effect: Failure to maintain proper supporting documentation with evidence of approval for customer account adjustments subjects the assets of the City to greater risk of misappropriation.

Cause: Management is not approving customer account adjustments in a timely manner.

Recommendation: Supporting documentation with evidence of approval should be retained for each customer account adjustment.

Management Response: Management concurs with this finding. The employee performing these adjustments is no longer employed by the City. Since the resignation, management has updated procedures regarding customer account adjustments.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Blairsville, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Blairsville, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Blairsville, Georgia's response to the findings identified in our audit and described previously. The City of Blairsville, 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 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
March 10, 2023

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STATE REPORTING SECTION

This section contains additional reports required by the State of Georgia.

CITY OF BLAIRSVILLE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the year ended December 31, 2022

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST III (2009)					
Water and sewer facilities and equipment	$ 1,575,000	$ 1,575,000	$ 563,874	$ 29,498	$ 593,372
City Hall renovation and expansion	325,000	325,000	300,000	0	300,000
Streets, street improvements and public facilities	100,000	100,000	99,315	0	99,315
Total	$ 2,000,000	$ 2,000,000	$ 963,189	$ 29,498	$ 992,687
SPLOST IV (2015)					
Administrative buildings and equipment	$ 200,000	$ 200,000	$ 218,335	$ 0	$ 218,335
Public safety equipment and vehicles	200,000	200,000	131,568	0	131,568
Public works vehicles, equipment, roads and sidewalks	500,000	500,000	511,792	78,502	590,294
Water and sewer system improvements	600,000	600,000	357,586	2,318	359,904
Total	$ 1,500,000	$ 1,500,000	$ 1,219,281	$ 80,820	$ 1,300,101
Public works vehicles, equipment, roads and sidewalks expenditures financed by other financing sources				54,857	
				$ 135,677	
SPLOST V (2021)					
Administrative buildings and equipment	$ 150,000	$ 150,000	$ 4,326	$ 6,728	$ 11,054
Public safety equipment and vehicles	300,000	300,000	0	42,671	42,671
Public works vehicles, equipment, roads and sidewalks	440,000	440,000	11,350	27,227	38,577
Water and sewer system improvements	1,150,000	1,153,000	53,316	136,313	189,629
Total	$ 2,040,000	$ 2,043,000	$ 68,992	$ 212,939	$ 281,931

* 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.