CITY OF BLUE RIDGE, GEORGIA

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2023

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ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2023

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PRINCIPAL OFFICERS

The City operates under the direction of the Mayor and Council with the daily operations carried out by the City Administrator.

Following is a list of officials:

MAYOR
Rhonda Haight

COUNCIL MEMBERS
Angie Arp
Bill Bivins
Christy Kay
Jack Taylor
William Whaley

CITY ADMINISTRATOR
Eric Soroka

OFFICE PERSONNEL
(Former) Finance Director- Lisa Hoyle, CPA
Office vacant, August 2023

CITY ATTORNEY
Charles S. Conerly
Smith Conerly LLP

INDEPENDENT AUDITOR
Welch, Walker and Associates, CPA's

WELCH WALKER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

540 N. MAIN STREET
JASPER, GA 30143
PH (706) 253-3700 FAX (706) 253-5973

489 HIGHLAND CROSSING
SUITE 208
EAST ELLIJAY, GA 30540
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Blue Ridge, 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 Blue Ridge, Georgia, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Blue Ridge, 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 Blue Ridge, Georgia, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Hotel Motel Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Blue Ridge, 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 Blue Ridge, 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

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios and schedule of contributions on pages 35-36 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 Blue Ridge, Georgia's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of projects constructed with special purpose local option sales tax (as required by *Official Code of Georgia Annotated* section 48-8-121), 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 nonmajor fund financial statements and the schedule of projects constructed 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 November 13, 2025, on our consideration of the City of Blue Ridge, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Blue Ridge, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Blue Ridge, Georgia's internal control over financial reporting and compliance.

Welch, Walker & Associates, P.C., CPAs
East Ellijay, Georgia
November 13, 2025

City of Blue Ridge, Georgia
Statement of Net Position
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Assets				
Current Assets				
Cash	$ 3,018,589	$ 1,400,653	$ 4,419,242	$ -
Pooled operating cash	4,593,613	2,013,965	6,607,578	-
Restricted assets				
Cash	-	502,918	502,918	-
Receivables				
Accounts	63,083	503,634	566,717	-
Property taxes	350,303	-	350,303	-
Franchise taxes	18,249	-	18,249	-
Other taxes	135,987	-	135,987	-
Fines	54,398	-	54,398	-
Intergovernmental	353,319	-	353,319	-
Leases	236,394	-	236,394	-
Inventory	-	71,840	71,840	-
Prepaid items	39,792	86,958	126,750	-
Total Current Assets	8,863,727	4,579,968	13,443,695	-
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	-	366,019	366,019	-
Right-to-use leased assets (net)	10,339	22,251	32,590	-
Capital assets				
Nondepreciable	2,717,708	1,849,998	4,567,706	-
Depreciable, net	5,353,511	21,949,205	27,302,716	-
Total Noncurrent Assets	8,081,558	24,187,473	32,269,031	-
Total Assets	16,945,285	28,767,441	45,712,726	-
Deferred Outflows of Resources				
Pension related	306,876	229,074	535,950	-
Liabilities				
Current Liabilities				
Accounts payable	333,409	177,887	511,296	-
Contracts payable	44,399	-	44,399	-
Accrued expenses	-	36,779	36,779	
Accrued payroll liabilities	53,441	28,602	82,043	-
Accrued interest payable	1,807	140,681	142,488	-
Other	66,385	-	66,385	-
Compensated absences payable	33,660	34,769	68,429	-
Leases and subscriptions payable	3,009	5,874	8,883	-
Notes payable	42,210	177,895	220,105	-
Revenue obligation bonds payable	-	199,090	199,090	-
Payable from restricted assets				
Unearned revenue	417,075	-	417,075	-
Customer deposits	-	502,918	502,918	-
Total Current Liabilities	995,395	1,304,495	2,299,890	-
Long-Term Liabilities (net of current portion)				
Net pension liability	566,646	422,984	989,630	-
Leases and subscriptions payable	7,738	17,441	25,179	-
Notes payable	49,101	2,205,081	2,254,182	-
Revenue bonds payable	-	11,798,904	11,798,904	-
General obligation bonds payable	-	1,496	1,496	-
Total Long-Term Liabilities	623,485	14,445,906	15,069,391	-
Total Liabilities	1,618,880	15,750,401	17,369,281	-
Deferred Inflows of Resources				
Unavailable revenues	1,004,495	-	1,004,495	-
Pension related	9,702	7,242	16,944	-
Total Deferred Inflows of Resources	1,014,197	7,242	1,021,439	-
Net Position				
Net investment in capital assets	7,861,111	9,326,622	17,187,733	-
Restricted for				
Debt service	-	366,019	366,019	-
Capital projects	1,735,210	-	1,735,210	-
Program purposes				
Public safety	5,531	-	5,531	-
Housing and economic development	138,033	-	138,033	-
Unrestricted	4,879,199	3,546,231	8,425,430	-
Total Net Position	$ 14,619,084	$ 13,238,872	$ 27,857,956	$ -

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Activities
For the Year Ended December 31, 2023

Function/Program	Expenses	Program Revenues: Charges for Services, Sales and Fines	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Downtown Development Authority
Primary Government								
Governmental Activities								
General government	$ 714,155	$ 181,773	$ 319	$ 12,231	$ (519,832)	$ -	$ (519,832)	$ -
Judicial	206,004	264,597	2,921	-	61,514	-	61,514	-
Public safety	1,471,532	4,876	-	-	(1,466,656)	-	(1,466,656)	-
Public works	793,875	96	16,242	790,819	13,282	-	13,282	-
Culture and recreation	464,572	211,383	-	1,585,873	1,332,684	-	1,332,684	-
Housing and development	731,941	14,046	-	-	(717,895)	-	(717,895)	-
Interest	3,595	-	-	-	(3,595)	-	(3,595)	-
Total Governmental Activities	4,385,674	676,771	19,482	2,388,923	(1,300,498)	-	(1,300,498)	-
Business-Type Activities								
Water system	3,049,424	2,925,231	-	148,706	-	24,513	24,513	-
Sewer system	1,393,084	1,336,467	-	53,925	-	(2,692)	(2,692)	-
Total Business-Type Activities	4,442,508	4,261,698	-	202,631	-	21,821	21,821	-
Total - Primary Government	$ 8,828,182	$ 4,938,469	$ 19,482	$ 2,591,554	(1,300,498)	21,821	(1,278,677)	-
Component Unit								
Downtown Development Authority	$ 37,457	$ -	$ -	$ -	-	-	-	(37,457)
Total- Component Units	$ 37,457	$ -	$ -	$ -	-	-	-	(37,457)
General Revenues								
Property taxes levied for general government purposes					804,197	-	804,197	-
Sales taxes					1,461,357	-	1,461,357	-
Franchise taxes					164,093	-	164,093	-
Insurance premium taxes					111,321	-	111,321	-
Business and occupation taxes					113,218	-	113,218	
Real estate and intangible taxes					10,403	-	10,403	-
Other taxes					1,488,353	-	1,488,353	-
Unrestricted intergovernmental					6,763	-	6,763	108,269
Gain on sale of capital assets					8,521	-	8,521	-
Investment earnings					161,984	48,621	210,605	-
Interest and fiscal charges					5,893	-	5,893	-
Miscellaneous					12,050	7,400	19,450	-
Total General Revenues					4,348,153	56,021	4,404,174	108,269
Special Item								
Dissolution of Downtown Development Authority					549,365	-	549,365	(549,365)
Total General Revenues and Special Items					4,897,518	56,021	4,953,539	(441,096)
Change in Net Position					3,597,020	77,842	3,674,862	(478,553)
Net Position Beginning of Year					10,837,284	13,161,030	23,998,314	478,553
Correction of a prior period					184,780	-	184,780	-
Net Position Beginning of Year, restated					11,022,064	13,161,030	24,183,094	478,553
Net Position End of Year					$ 14,619,084	$ 13,238,872	$ 27,857,956	$ -

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Balance Sheet
Governmental Funds
December 31, 2023

	General Fund	SPLOST	Hotel Motel Tax	Nonmajor Governmental Funds	Total
Assets					
Cash	$ 661,066	$ 1,932,965	$ -	$ 424,558	$ 3,018,589
Pooled operating cash	3,482,834	-	1,110,779	-	4,593,613
Receivables (net)					
Accounts	42,081	21,002	-	-	63,083
Property taxes	350,303	-	-	-	350,303
Franchise taxes	18,249	-	-	-	18,249
Other taxes	65,581	-	70,406	-	135,987
Fines	54,398	-	-	-	54,398
Intergovernmental					
State	131,633	-	-	-	131,633
County	-	214,923	-	-	214,923
Authorities	6,763	-	-	-	6,763
Lease	236,394	-	-	-	236,394
Interfund	410,895	-		-	410,895
Prepaid items	38,072	-	1,720	-	39,792
Total Assets	$ 5,498,269	$ 2,168,890	$ 1,182,905	$ 424,558	$ 9,274,622
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 190,946	$ 8,135	$ 134,328	$ -	$ 333,409
Contracts payable	44,399	-	-	-	44,399
Accrued payroll liabilities	53,441	-	-	-	53,441
Unearned revenue	-	-		417,075	417,075
Other	66,385	-	-	-	66,385
Interfund payable	-	408,943	-	1,952	410,895
Total Liabilities	355,171	417,078	134,328	419,027	1,325,604
Deferred Inflows of Resources					
Unavailable revenue	1,091,878	21,002	-	-	1,112,880
Deferred inflows relating to leases	226,638	-	-	-	226,638
Total Deferred Inflows of Resources	1,318,516	21,002	-	-	1,339,518
Fund Balances					
Nonspendable					
Prepaid items	38,072	-	-	-	38,072
Restricted					
Capital projects	-	1,730,810	-	-	1,730,810
Program purposes					
Public safety	-	-	-	5,531	5,531
Economic development	-	-	138,033	-	138,033
Assigned					
Economic development	-	-	910,544	-	910,544
Unassigned, reported in					
General fund	3,786,510	-	-	-	3,786,510
Total Fund Balances	3,824,582	1,730,810	1,048,577	5,531	6,609,500
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,498,269	$ 2,168,890	$ 1,182,905	$ 424,558	$ 9,274,622

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Reconciliation of the Governmental Funds' Balance Sheet
to the Statement of Net Position
December 31, 2023

Total Governmental Fund Balances			$ 6,609,500
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.			
Cost of capital assets	$	12,129,773	
Less accumulated depreciation		(4,058,554)	8,071,219
Right-of-use leased assets used in governmental activities are not current financial resources and therefore are not reported in the funds.			
Cost of right-of-use leased assets	$	14,428	
Less accumulated amortization		(4,089)	10,339
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes	$	1,542	
Licenses		175	
Intergovernmental		27,765	
Fines		78,903	
Leases		226,638	
Deferred outflows of resources- pension related		306,876	641,899
Liabilities not due and payable in the current period are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position.			
Leases payable	$	(10,747)	
Notes payable		(91,311)	
Compensated absences		(33,660)	
Accrued interest		(1,807)	
Net pension obligation		(566,646)	
Deferred inflow of resources- pension related		(9,702)	(713,873)
Net Position Of Governmental Activities			$ 14,619,084

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2023

	General Fund	SPLOST	Hotel Motel Tax	Nonmajor Governmental Funds	Total
Revenues					
Property taxes	$ 892,519	$ -	$ -	$ -	$ 892,519
Sales taxes	1,461,357	-	-	-	1,461,357
Other taxes	1,031,063	-	864,625	-	1,895,688
Licenses and permits	183,682	-	-	-	183,682
Intergovernmental	57,385	744,829	-	-	802,214
Charges for services	224,785	-	-	-	224,785
Fines and forfeitures	254,244	-	-	2,921	257,165
Contributions	319	-	-	-	319
Lease revenue	69,277	-	-	-	69,277
Investment earnings	161,984	45,990	-	-	207,974
Interest and fiscal charges	5,893	-	-	-	5,893
Restitution	-	4,400	-	-	4,400
Miscellaneous	12,050	-	-	-	12,050
Total Revenues	4,354,558	795,219	864,625	2,921	6,017,323
Expenditures					
Current					
General government	677,450	14,073	-	-	691,523
Judicial	202,584	-	-	-	202,584
Public safety					
Police	1,343,979	-	-	412	1,344,391
Fire	26,937	-	-	-	26,937
Public works	1,193,693	4,414	-	-	1,198,107
Culture and recreation	427,464	-	-	-	427,464
Housing and economic development	105,262	-	638,057	-	743,319
Capital Outlay					
Public works	-	577,542	-	-	577,542
Debt Service					
Principal retirement	43,152	-	-	-	43,152
Interest and fiscal charges	4,465	-	-	-	4,465
Total Expenditures	4,024,986	596,029	638,057	412	5,259,484
Excess (Deficiency) of Revenues Over (Under) Expenditures	329,572	199,190	226,568	2,509	757,839
Other Financing Sources (Uses)					
Sale of capital assets	8,521	-	-	-	8,521
Lease inception	8,542	-	-	-	8,542
Transfers in	-	-	-	36	36
Transfers out	(36)	-	-	-	(36)
Total Other Financing Sources	17,027	-	-	36	17,063
Special Item:					
Dissolution of Downtown Development Authority	494,368	-	-	-	494,368
Net Change in Fund Balances	840,967	199,190	226,568	2,545	1,269,270
Fund Balances Beginning of Year	2,983,615	1,531,620	822,009	2,986	5,340,230
Fund Balances End of Year	$ 3,824,582	$ 1,730,810	$ 1,048,577	$ 5,531	$ 6,609,500

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2023

Net Changes In Fund Balances - Total Governmental Funds			$ 1,269,270
Amounts reported for governmental activities in the Statement of Activites are different because:			
Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.			
	Depreciation expense	$ (391,392)	
	Capital outlay	1,278,009	886,617
Governmental funds report outlays for right-of-use assets as expenditures on the governmental fund type operating statement. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which capitalized right-of-use assets exceeded amortization expense in the current period.			
	Amortization expense	$ (2,781)	
	Right-of-use assets outlay	8,542	5,761
Contributions of capital assets are report in the government-wide statement of activities but not reported at the fund financial reporting level.			1,640,870
Lease liabilities are reported as other financing at the fund level but are reported as a liability on the government-wide statement of activities.			(8,542)
Repayment of lease liability principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of activities.			2,385
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of activities.			40,767
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues at the fund financial reporting level.			
	Property taxes:		
	Deferred at 12/31/22	$ (91,339)	
	Deferred at 12/31/23	1,542	(89,797)
	Licenses:		
	Deferred at 12/31/22	$ (8,475)	
	Deferred at 12/31/23	175	(8,300)
	Intergovernmental:		
	Deferred at 12/31/22	$ (52,839)	
	Deferred at 12/31/23	27,765	(25,074)
	Fines:		
	Deferred at 12/31/22	$ (68,550)	
	Deferred at 12/31/23	78,903	10,353
	Leases:		
	Deferred at 12/31/22	$ (292,208)	
	Deferred at 12/31/23	226,638	(65,570)
Pension expense represents the change in net pension liability from the beginning of the year to the end of the year on the statement of activities, but is measured by the amount actually paid in the governmental funds. This is the amount by which pension contributions paid in the current period exceeded the change in net pension liability and pension related deferrals			(50,688)
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. The change in the current year expenses are as follows:			
	Accrued interest		
	Liability at 12/31/22	$ 2,677	
	Liability at 12/31/23	(1,807)	870
	Compensated absences		
	Liability at 12/31/22	$ 21,758	
	Liability at 12/31/23	(33,660)	(11,902)
Change In Net Position of Governmental Activities			$ 3,597,020

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Budget
Revenues				
Property taxes	$ 816,500	$ 816,500	$ 892,519	$ 76,019
Sales taxes	1,300,000	1,367,000	1,461,357	94,357
Other taxes	883,000	883,000	1,031,063	148,063
Licenses and permits	152,500	152,500	183,682	31,182
Intergovernmental	3,000	3,000	57,385	54,385
Charges for services	121,150	121,150	224,785	103,635
Fines and forfeitures	200,000	230,000	254,244	24,244
Contributions	-	-	319	319
Lease revenue	74,000	74,000	69,277	(4,723)
Investment earnings	4,000	4,000	161,984	157,984
Interest and fiscal charges	-	-	5,893	5,893
Miscellaneous	5,000	5,000	12,050	7,050
Total Revenues	3,559,150	3,656,150	4,354,558	698,408
Expenditures				
Current				
General government				
Legislative	171,880	171,880	155,030	16,850
Executive	218,731	236,731	243,985	(7,254)
Election	15,500	55,500	52,899	2,601
General administration	201,522	206,522	225,536	(19,014)
Judicial	169,576	199,576	202,584	(3,008)
Public safety				
Police	1,383,728	1,383,728	1,343,979	39,749
Fire	27,000	27,000	26,937	63
Public works				
Street	1,037,976	1,289,534	1,193,693	95,841
Culture and recreation	1,189,851	1,189,851	427,464	762,387
Economic development				
Planning and zoning	97,805	101,805	105,262	(3,457)
Debt Service				
Principal retirement	25,581	25,581	43,152	(17,571)
Interest and fiscal charges	-	-	4,465	(4,465)
Total Expenditures	4,539,150	4,887,708	4,024,986	862,722
Excess of Revenues Over Expenditures	(980,000)	(1,231,558)	329,572	1,561,130
Other Financing Sources (Uses)				
Sale of capital assets	-	-	8,521	8,521
Lease inception	-	-	8,542	8,542
Transfers out	-	-	(36)	(36)
Appropriation of fund balance	980,000	1,231,558	-	(1,231,558)
Total Other Financing Sources (Uses)	980,000	1,231,558	17,027	(1,214,531)
Special Item:				
Dissolution of Downtown Development Authority	-	-	494,368	494,368
Net Change in Fund Balances	$ -	$ -	840,967	$ 840,967
Fund Balances Beginning of Year			2,983,615	
Fund Balances End of Year			$ 3,824,582	

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Hotel/Motel Tax Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances- Budget and Actual
For the year ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Budget
Revenues				
Hotel/motel taxes	$ 625,000	$ 625,000	$ 864,625	$ 239,625
Contributions	-	-	-	-
Total Revenues	625,000	625,000	864,625	239,625
Expenditures				
Current				
Housing and economic development	760,099	760,099	638,057	122,042
Excess of Revenues Over Expenditures	(135,099)	(135,099)	226,568	361,667
Other Financing Sources (Uses)				
(Additions to) Use of fund balance	135,099	135,099	-	(135,099)
Net Change in Fund Balances	$ -	$ -	226,568	$ 226,568
Fund Balances Beginning of Year			822,009	
Fund Balances End of Year			$ 1,048,577	

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Fund Net Position
Proprietary Fund
December 31, 2023

	Water & Sewer Fund
Assets	
Current Assets	
Cash	$ 1,400,653
Pooled operating cash	2,013,965
Receivables (net)	
Accounts	503,634
Inventory	71,840
Prepaid items	86,958
Restricted assets	
Cash	502,918
Total Current Assets	4,579,968
Noncurrent Assets	
Restricted assets	
Cash and cash equivalents	366,019
Right-to-use leased assets (net)	22,251
Capital assets	
Nondepreciable	1,849,998
Depreciable, net	21,949,205
Total Noncurrent Assets	24,187,473
Total Assets	28,767,441
Deferred Outflows of Resources	
Pension related	229,074
Total Assets and Deferred Outflows of Resources	28,996,515
Liabilities	
Current Liabilities	
Accounts payable	177,887
Contracts payable	-
Contractor bonds payable	-
Accrued payroll liabilities	28,602
Accrued expenses	36,779
Accrued interest	140,681
Compensated absences payable	34,769
Leases and subscriptions payable	5,874
Notes payable	177,895
Revenue bonds payable	199,090
Payable from Restricted Assets:	
Customer deposits	502,918
Total Current Liabilities	1,304,495
Long-Term Liabilities	
Compensated absences payable (net of current portion)	-
Net pension liability	422,984
Leases and subscriptions payable (net of current portion)	17,441
Notes payable (net of current portion)	2,205,081
Revenue bonds payable (net of current portion)	11,798,904
General obligation bonds	1,496
Total Long-Term Liabilities	14,445,906
Total Liabilities	15,750,401
Deferred Inflows of Resources	
Pension related	7,242
Total Liabilities and Deferred Inflows of Resources	15,757,643
Net Position	
Net investment in capital assets	9,326,622
Restricted for debt service	366,019
Unrestricted	3,546,231
Total Net Position	$ 13,238,872

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Revenues,
Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2023

	Water & Sewer Fund
Operating Revenues	
Charges for services	
Water revenues	$ 2,750,285
Sewer revenues	1,317,882
Service charges	35,765
Tap fees	94,485
Connection fees	19,742
Penalties	43,539
Miscellaneous	7,400
Total Operating Revenues	4,269,098
Operating Expenses	
Water department	
Personnel services	1,092,799
Contractual services	354,237
Supplies	587,301
Sewer department	
Personnel services	602,933
Contractual services	260,067
Supplies	289,275
Total Operating Expenses	3,186,612
Operating Income before Depreciation	1,082,486
Depreciation	899,444
Amortization	5,263
Operating Income	177,779
Non-Operating Revenues (Expenses)	
Principal forgiveness	7,198
Surcharge revenue	195,433
Interest income	48,621
Interest on leases	(25)
Interest on revenue bonds	(315,896)
Interest notes payable	(35,268)
Total Non-Operating Revenues	(99,937)
Change in Net Position	77,842
Net Position Beginning of Year	13,161,030
Net Position End of Year	$ 13,238,872

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2023

	Water & Sewer Fund
Cash Flows from Operating Activities	
Cash received from customers	$ 4,324,286
Cash payments for personal services	(1,647,513)
Cash payments for goods and services	(1,473,800)
Other cash receipts	7,400
Net Cash Provided by (Used in) Operating Activities	1,210,373
Cash Flows from Capital and Related Financing Activities	
Proceeds from surcharge fees	195,433
Principal paid on revenue bonds	(220,000)
Interest paid on revenue bonds	(343,800)
Principal paid on leases	(4,211)
Interest paid on leases	(25)
Proceeds from notes	183,523
Principal paid on notes	(175,070)
Interest paid on notes	(38,725)
Payments for capital acquisitions and construction	(810,652)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,213,527)
Cash Flows from Investing Activities	
Investments earnings	48,621
Net Cash Provided by (Used in) Investing Activities	48,621
Net Increase (Decrease) in Cash	45,467
Cash Beginning of Year	4,238,088
Cash End of Year	$ 4,283,555
Reconciliation of total cash:	
Cash	$ 1,400,653
Pooled operating cash	2,013,965
Current restricted assets-cash	502,918
Noncurrent restricted assets- cash	366,019
Total cash	$ 4,283,555

See accompanying notes to the basic financial statements.

(continued)

City of Blue Ridge, Georgia
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2023

		Water & Sewer Fund
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating Income	$	177,779
Adjustments		
Depreciation		899,444
Amortization		5,263
(Increase) Decrease in Assets		
Accounts receivable		25,298
Inventories		21,049
Prepaid expenses		(8,420)
Deferred outflows of resources- pension related		(72,416)
Increase (Decrease) in Liabilities		
Accounts payable		8,401
Contracts payable		(10,083)
Accrued payroll liabilities		6,778
Accrued expenses		6,133
Deposits payable		37,290
Compensated absences		1,188
Net pension liability		209,354
Deferred inflow of resources- pension related		(96,685)
Net Cash Provided by (Used in) Operating Activities	$	1,210,373
Noncash Capital and Related Financing Activities		
Georgia Environmental Finance Authority loan forgiveness for Drinking Water State Revolving Loan Funds	$	7,198
Lease inception	$	22,936

1. Summary of Accounting Policies

The City of Blue Ridge, Georgia complies with Generally Accepted Accounting Principles (GAAP). The city's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34 which establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

GASB 34 took effect for entities the size of the City of Blue Ridge during the fiscal year ending December 31, 2004. One of the changes required by GASB 34 is the presentation of current and accumulated depreciation by activity. Another important change is the requirement to present the original adopted budget as well as the final amended budget in the budgetary comparison statements.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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 certain legally separate component units for which the primary government is accountable.

The statement of activities demonstrates the degree to which 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 properly included among program revenues are reported instead as general revenues. The City does not allocate indirect expenses to functions in the statement of activities.

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

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City.

These statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets, as well as current year infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type

activities, which are presented as internal balances and eliminated in the total primary government column. Governmental activities which normally are 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.

C. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, fines, interest revenue and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. A sixty (60) day availability period is used for revenue recognition for all governmental fund revenues.

The City reports the following major governmental funds:
General Fund – is the principal fund of the City and is used to account for all activities of the City not otherwise accounted for by a specified fund.

Special Local Option Sales Tax (SPLOST) Fund – to account for the collection and disbursement of the renewal of the 1% Special Local Option Sales Tax (SPLOST) needed to fund road projects and acquisition and construction of capital projects.

Hotel Motel Tax Fund – to account for the collection and disbursement of the 8% lodging tax imposed on lodging facilities within the city limits. The proceeds of which are a combination of restricted monies for the promotion of tourism, construction of tourism products and unrestricted funds for general use.

The City reports the following major proprietary funds:
Water and Sewer Fund – to provide for the operation, maintenance, and improvement of the City's water and sewer system.

Additionally, the City reports the following fund types:
Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Hotel Motel Tax, American Rescue Plan Act and Confiscated Assets funds are special revenue funds.

Capital Projects Funds account for financial resources to be used for the acquisition of major capital projects which are not financed by the General Fund. The SPLOST fund is a capital projects fund.

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Enterprise Funds account for activities that are usually self-sustaining, principally through user charges for services rendered. The Water and Sewer Fund is an enterprise fund.

D. The Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable, and a financial benefit or burden relationship exists. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations or (2) the City is legally

entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

Blue Ridge Downtown Development Authority (Development Authority) – Created on December 11, 2018, the Development Authority is governed by a five-member board consisting of four members appointed by the City Council and one member appointed from the elected City Council members. The primary purpose is to support downtown development with planning and funding. The Authority is fiscally dependent on the City for the funding of its obligations and debt. The financial activity for this discretely presented component unit is reported in a separate column on the government-wide financial statements to emphasize that it is legally separate from the City. Financial information related to the Downtown Development Authority may be obtained from the City upon request. Separate financial statements for the Authority are not prepared. The authority was administratively dissolved by a vote of Mayor and City Council in July 2023. The remaining assets of the entity, consisting of cash and capital assets, were transferred to the General Fund upon dissolution.

E. Budgets

The budgetary data reflected in the financial statements are established and adopted by the City Council and Mayor at the department level. Any change to the original budget for a department must be approved by the Council.

An annual budget is required to be adopted for the general fund and each special revenue fund according to Georgia law. A project-length budget is required for capital projects funds. Annual budgets were adopted for all funds in 2023. Budgets are 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. The expenditures for debt service principal and interest charges in the General Fund exceeded appropriated funds by more than 10% in 2023. However, the budget variance was offset by appropriations not expended in the related departments for public safety and public works. All other departments in general and special revenue funds did not exceed budget by 10% or more in 2023.

F. Receivables

Property taxes reflected in revenue consist of taxes levied the prior calendar year, normally by the end of that calendar year, plus collections of any prior year taxes. Those current and prior year property taxes which are collected within sixty days of the fiscal year end are susceptible to accrual and therefore are accrued and reflected in revenue. All other property taxes receivable is deferred in the governmental fund financial statements. An allowance is made for uncollectible taxes consisting of 100% of delinquent balances for any taxes over seven years and the lesser of the delinquent balance or 2% of the levy for all other years. The allowance for property taxes at December 31, 2023 is $1,868.

Fines receivable is estimated as 30% of the outstanding balance of non-probation cases and 100% of probation cases. The allowance for fine receivable at December 31, 2023 is $24,505.

Accounts receivable in the Water and Sewer Fund are stated at gross amounts receivable less an allowance for estimated uncollectible accounts. The allowance is computed as a percentage of the receivable balance at year end based primarily on the age of the indebtedness. The allowance for uncollectible accounts receivable in the Water and Sewer Fund is computed as 5% of the active accounts and 100% of the finalized and inactive accounts. The total allowance for 2023 is $265,308. The increase in the amount of receivables considered uncollectible is included in the financial statements in net revenue. Unbilled water and sewer charges are accrued as receivables and revenue at December 31, 2023.

G. Inventories

Inventories in the General Fund and the Water and Sewer Fund are stated at cost. The City uses the first-in, first-out (FIFO) method of accounting for inventory.

H. Capital Assets, Right-of-Use Assets, and Related Depreciation and Amortization

Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks and similar items), and right-to-use leased assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's policy has set the capitalization

threshold for reporting capital assets at $5,000 and $25,000 for infrastructure assets. There is no minimum threshold established for right-of-use assets. Infrastructure assets acquired prior to the implementation of GASB 34 have not been capitalized. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The City patched and resurfaced several roads during the current year that are considered general maintenance.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Amortization of right-to-use assets is calculated on the straight-line basis over the life of the related lease term. Deprecation on capital assets is calculated on the straight-line basis over the following estimated useful lives.

	Useful Life
Building and Improvements	10 – 50 years
Equipment	5 – 20 years
Vehicles	5 – 10 years
Infrastructure	50 years
City Park and Improvements	20 - 40 years
Utility Plant and Pipelines	40 - 50 years

I. Employee Benefits

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Accumulated sick leave lapses when employees leave the employment of the government and, upon separation from service, no monetary obligation exists.

J. 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 assets. Bond issuance costs are reported as debt service expenditures in governmental funds or a non-operating expense in proprietary funds.

K. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is at present considered unnecessary to assure effective budgetary control or to facilitate effective cash planning and control.

L. Prepaids

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items at both reporting levels using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

M. Cash and Cash Equivalents

Cash and cash equivalents for balance sheet purposes consist of demand deposits and certificates of deposits with original maturities of three months or less. The City held no cash equivalents at December 31, 2023.

N. Operating and Non-operating Income

The City defines non-operating income as capital grant revenue, interest, rents and other investment type revenue. All other revenues that are primarily customer related are considered operating revenue. Non-

operating expenses include interest and bond issuance costs. All other expenses are considered operating expenses.

O. Fund Balance Policy and Restricted and Unrestricted Resources

The fund balance of governmental funds can be classified into five different categories which are nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance are resources that are not in spendable form or are legally or contractually required to be maintained intact, such as inventory or prepaid assets. Some constraints on the use of resources are externally enforceable, imposed by law or enabling legislation and are classified as restricted. An example includes hotel/motel tax resources. Portions of fund balance can be committed if constraints are formally imposed by the government's highest level of decision-making authority by no later than the end of the reporting period. The Mayor and Council are required to formally commit fund balance by resolution. Assigned fund balance is a resource earmarked for particular purposes and can be designated by the Mayor or City Administrator with written authorization. The remaining fund balance not classified in any of the previous categories is labeled unassigned.

The City shall strive to establish a fund balance reserve in all operating funds for working capital. The purpose of working capital is to cover the cost of expenditures caused by unforeseen emergencies, cover shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. This reserve shall accumulate and then be maintained at an amount that represents no less than three (3) months of operating and debt expenditures (approximately 25% of budgeted expenditures.) Non-operating funds do not need a reserve for working capital. The City was in compliance with this policy at December 31, 2023.

Net position on the government-wide and proprietary fund statements represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and debt and capital-related accounts payable, plus any outstanding balances of borrowings not yet expended, but restricted for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulators of other governments. All other net position balances are reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for purposes for which amounts in committed, assigned, or unassigned fund balance could be used, it is the government's policy to first use committed and then assigned fund balance if available. Unassigned fund balance would be used for remaining expenditures from unrestricted fund balance.

P. Investments

The City generally limits their investments to certificates of deposit through local financial institutions. However, upon approval by Mayor and Council, any investment authorized by Georgia code would be acceptable.

Q. Unearned Revenue and Deferred Outflows/Inflows of Resources

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as unearned revenue (i.e., they are measurable but not available) rather than as revenue.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources, if applicable. This element 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.

In addition to liabilities, the statement of net position also reports a separate section for deferred inflows of resources. This element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes, fines and other

receivables not collected within sixty days of year-end have been recorded as deferred revenue at the fund reporting level. Imposed nonexchange tax revenue received in advance is also classified as a deferred inflow at the fund and government-wide reporting levels.

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

Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

R. Pensions

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

2. Cash on Deposit and Investment Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be recovered. State statutes require all deposits to be collateralized by depository insurance, obligations of the United States or certain obligations guaranteed by the U.S. Government, obligations of the State of Georgia or bonds of public or development authorities, counties, or municipalities of the State of Georgia. It is the City's policy that any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. Obligations. Deposits exceeding FDIC limits secured thru the local government investment pool, "Georgia Fund 1," created by O.C.G.A. 36-83-8 or a collateral pool are acceptable securities. The amount of the total bank balance is classified into three categories of credit risk: (1) FDIC insured or collateralized with securities held by the City or its agent in its name; (2) collateralized with securities held by the pledging institution's trust department in the City's name; (3) uncollateralized bank accounts including any bank balance that is collateralized with securities held by the pledging institution's trust department or agent but not in the City's name.

At December 31, 2023 the bank balance of all deposits was $11,950,695 and the carrying amount was $11,895,757. All deposits were covered by FDIC insurance with deposits exceeding FDIC limits secured thru the Georgia Secure Deposit Program according to Georgia law. Administered by the Georgia Bankers Association Services, Inc. (GBASI) and coordinated by the Office of State Treasurer, the Program came into existence during 2016. Through monthly reporting, GBASI ensures the banks participating in the pool meet Georgia state law regarding collateral levels of 110%. As of December 31, 2023, the amount covered by depository insurance was $250,000 and the amount with securities held by United Community Bank or by its trust department or agent, but not in the City's name was $12,870,765. The collateral to deposit ratio is 110%.

Cash deposits resulting from water and sewer surcharges are designated by those charged with governance as reserved for future repairs and replacement of infrastructure in the enterprise fund. This designation is not considered a restriction; therefore, it is not presented as such on the statements. Designated cash at the end of the year totals $443,385.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. It is currently the City's policy not to invest in instruments with a variable interest rate.

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the City's policy to invest in non-negotiable certificates of deposit and money market accounts that are covered by FDIC insurance or pledged collateral.

3. Restricted Assets and Restricted Net Position

Assets totaling $366,019 in the Water and Sewerage System Fund are restricted for debt service related to 2021 bond issue. Restricted cash also includes $502,918 for customer deposits. Total restricted assets equal $868,937.

Restricted net position for governmental activities includes $1,735,210 from the SPLOST fund restricted for capital projects, $5,531 from the Confiscated Assets fund for public safety and $138,033 from the Hotel/Motel fund for economic development. Restricted net position for business-type activities includes $366,019 for debt service.

4. Capital Assets

Changes in capital assets by major classes for 2023 are as follows:

Governmental Activities:	Restated Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023
Nondepreciable capital assets				
Land	$ 76,065	$ 144,000	$ -	$ 220,065
Construction in progress	778,593	2,628,042	908,992	2,497,643
Total nondepreciable capital assets	854,658	2,772,042	908,992	2,717,708
Depreciable capital assets				
Buildings	1,588,841	-	-	1,588,841
Machinery and equipment	1,858,128	68,891	18,080	1,908,939
Site improvements	866,330	77,946	-	944,276
Infrastructure	4,061,017	908,992	-	4,970,009
Total depreciable assets	8,374,316	1,055,829	18,080	9,412,065
Total capital assets	9,228,974	3,827,871	927,072	12,129,773
Accumulated depreciation				
Buildings	708,692	52,731	-	761,423
Machinery and equipment	1,300,240	155,872	18,080	1,438,032
Site improvements	607,267	32,926	-	640,193
Infrastructure	1,069,043	149,863	-	1,218,906
Total accumulated depreciation	3,685,242	391,392	18,080	4,058,554
Governmental activities – capital assets, net excluding lease assets	$5,543,732	$3,436,479	$ 908,992	8,071,219
Lease and subscription assets, net (Note 5)				10,339
Total Governmental activities capital assets, net as report in the statement of net position				$8,081,558

Governmental activities depreciation expense is as follows:

General government	$ 47,912
Public safety	85,082
Public works	194,064
Culture and recreation	37,311
Economic development	27,023
	$ 391,392

Governmental machinery and equipment include an antique fire truck and calliope donated to the City of Blue Ridge in 2016 for use in parades and public events downtown. These items are reported at their acquisition value of $24,000

and $16,000, respectively. This is an estimate of a price that would be paid to acquire similar assets in an orderly market transaction at the acquisition date, according to the price paid by the donor when the assets were acquired in November 2015 (level 1 inputs). These assets will be maintained in perpetuity and are not being depreciated.

Business-Type Activities:	Restated Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023
Nondepreciable capital assets				
Land	$ 794,796	$ -	$ -	$ 794,796
Intangible assets	34,896	-	-	34,896
Construction in progress	1,502,253	400,621	882,568	1,020,306
Total nondepreciable capital assets	2,331,945	400,621	882,568	1,849,998
Depreciable capital assets				
Infrastructure and pipelines	15,204,794	1,049,486	-	16,254,280
Buildings and improvements	15,793,748	11,216	-	15,804,964
Machinery and equipment	1,030,315	72,000	-	1,102,315
Total depreciable assets	32,028,857	1,132,702	-	33,161,559
Total capital assets	34,360,802	1,533,323	882,568	35,011,557
Accumulated depreciation				
Infrastructure and pipelines	4,819,941	393,927	-	5,213,868
Buildings and improvements	4,824,418	395,693	-	5,220,111
Machinery and equipment	668,552	109,823	-	778,375
Total accumulated depreciation	10,312,911	899,443	-	11,212,354
Business-Type activities – capital assets, net excluding lease assets	$24,047,891	$ 633,880	$ 882,568	23,799,203
Lease and subscription assets, net (Note 5)				22,251
Total Business-Type activities capital assets, net as report in the statement of net position				$23,821,454

5. Intangible Right to Use Leases

A summary of leased asset and subscription asset activity during the year ended December 31, 2023 is as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Leased and subscription assets:				
Equipment	$ 5,886	$ -	$ -	$ 5,886
Software	-	8,542	-	8,542
Total lease and subscription assets	5,886	8,542	-	14,428
Less accumulated amortization:				
Equipment	1,308	1,308	-	2,616
Software	-	1,473	-	1,473
Total accumulated amortization	1,308	2,781	-	4,089
Total lease and subscription assets, net	$ 4,578	$ 5,761	$ -	$ 10,339

Amortization expense was charged to functions as follows:

Governmental Activities:	
General government	$ 1,451
Judicial	58
Public safety	471
Public works	361
Culture and recreation	406
Housing and development	34
Total expense – Governmental Activities	$ 2,781

	Beginning Balance	Additions	Deductions	Ending Balance
Business-Type Activities				
Leased and subscription assets:				
Equipment	$ 5,886	$ -	$ -	$ 5,886
Software	-	22,936	-	22,936
Total lease and subscription assets	5,886	22,936	-	28,822
Less accumulated amortization:				
Equipment	1,308	1,308	-	2,616
Software	-	3,955	-	3,955
Total accumulated amortization	1,308	5,263	-	6,571
Total lease and subscription assets, net	$ 4,578	$ 17,673	$ -	$ 22,251

6. Leases and Subscription Liabilities

City as a Lessor

The City, as a lessor, has entered into two lease agreements involving land and building space. The total amount of inflows of resources, including rent revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was $69,277. Deferred inflows and rents receivable in relation to these lease agreements total $226,638 and $236,394, respectively, as of December 31, 2023.

City as a Lessee

Governmental Activities:

The City, as a lessee, has entered into lease agreements for the use of copiers for the general government department. The total of the City's leased assets is recorded at a cost of $5,886, less accumulated amortization of $2,616.

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Lease liabilities	$ 4,590	$ -	$ 1,301	$ 3,289	$ 1,309

The future lease payments under lease agreements are as follows:

	Leases		
	Principal	Interest	Total
2024	$ 1,309	$ 17	$ 1,326
2025	1,318	8	1,326
2026	662	1	663
Total	$ 3,289	$ 26	$ 3,315

The City has entered into a subscription agreement for the use of software for all departments. The total of the City's software subscription is recorded at a cost of $8,542, less accumulated amortization of $1,473.

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Subscription liabilities	$ -	$ 8,542	$ 1,084	$ 7,458	$ 1,700

The future payments under subscription agreements are as follows:

	Subscriptions		
	Principal	Interest	Total
2024	$ 1,700	$ 215	$ 1,915
2025	1,806	166	1,972
2026	1,918	114	2,032
2027	2,034	59	2,093
Total	$ 7,458	$ 554	$ 8,012

Interest expense related to lease and subscription liabilities in the amount of $25 is shown on the Statement of Revenues, Expenses, and Changes in Fund Net Position, Governmental Funds.

Business-Type Activities

The City, as a lessee, has entered into lease agreements for the use of copiers for the water and sewer departments. The total of the City's leased assets is recorded at a cost of $5,886, less accumulated amortization of $2,616.

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Lease liabilities	$ 4,590	$ -	$ 1,301	$ 3,289	$ 1,309

The future lease payments under lease agreements are as follows:

	Leases		
	Principal	Interest	Total
2024	$ 1,309	17	1,326
2025	1,318	8	1,326
2026	662	1	663
Total	$ 3,289	$ 26	$ 3,315

The City has entered into a subscription agreement for the use of software for all departments. The total of the City's software subscription is recorded at a cost of $22,936, less accumulated amortization of $3,955.

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Subscription liabilities	$ -	$ 22,936	$ 2,910	$ 20,026	$ 4,565

The future payments under subscription agreements are as follows:

	Subscriptions		
	Principal	Interest	Total
2024	$ 4,565	$ 578	$ 5,143
2025	4,851	446	5,297
2026	5,149	306	5,455
2027	5,461	157	5,618
Total	$ 20,026	$ 1,487	$ 21,513

Interest expense related to lease and subscription liabilities in the amount of $25 is shown on the Statement of Revenues, Expenses, and Changes in Fund Net Position, Proprietary Fund.

7. Long-term Debt

Governmental Activities

Financed purchases for governmental activities are as follows:

Financed purchase agreement with Georgia Municipal Association in the amount of $84,623 for the purchase of police cars and the related equipment, and a vehicle for the park department matures January 2024 and carries an interest rate of 4.51%. Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2024	$ 15,018	$ 687	$ 15,705
Total	$ 15,018	$ 687	$ 15,705

Financed purchase agreement with Georgia Municipal Association in the amount of $35,483 for the purchase of a police car and the related equipment matures September 2025 and carries an interest rate of 3.21%. Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2024	$ 7,315	$ 477	$ 7,792
2025	7,548	242	7,790
Total	$ 14,863	$ 719	$ 15,582

Financed purchase agreement with Georgia Municipal Association in the amount of $121,180 for the purchase of an excavator and bucket truck matures August 2026 and carries an interest rate of 2.99%. Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2024	$ 19,877	$ 1,834	$ 21,711
2025	20,470	1,241	21,711
2026	21,083	628	21,711
Total	$ 61,430	$ 3,703	$ 65,133

Business Type Activities

Financed purchases for business-type activities are as follows:

Financed purchase agreement with Georgia Municipal Association in the amount of $1,200,000 for the purchase of a building for the water department matures December 2031 and carries an interest rate of 1.86%. Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2024	$ 114,436	$ 18,179	$ 132,615
2025	116,565	16,050	132,615
2026	118,732	13,883	132,615
2027	120,941	11,674	132,615
2028-2031	506,684	23,776	530,460
Total	$ 977,358	$ 83,562	$ 1,060,920

The City has obtained the following notes payable for business-type activities:

A note payable to the United Sates Department of Agriculture in the amount of $40,500 for the purchase of a backhoe matures December 2028 and carries an interest rate of 3.875%.

	Principal	Interest	Total
2024	$ 4,103	$ 859	$ 4,962
2025	4,262	700	4,962
2026	4,427	535	4,962
2027	4,599	363	4,962
2028	4,775	187	4,962
Total	$ 22,166	$ 2,644	$ 24,810

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance meter equipment for the purpose of water loss and leak detection (Phase II) was completed during fiscal year 2017 in the amount of $210,109 with 40% principal forgiveness. It bears an interest rate of 1.09% and matures in January 2038.

	Principal	Interest	Total
2024	$ 6,017	$ 1,001	$ 7,018
2025	6,083	935	7,018
2026	6,149	869	7,018
2027	6,217	801	7,018
2028	6,285	733	7,018
2029-2033	32,472	2,617	35,089
2034-2038	31,360	805	32,165
Total	$ 94,583	$ 7,761	$ 102,344

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance meter equipment for the purpose of water loss and leak detection (Phase III) was completed during fiscal year 2019 in the amount of $248,625 with 20% principal forgiveness. It bears an interest rate of 0.89% and matures in March 2039.

	Principal	Interest	Total
2024	$ 8,984	$ 1,309	$ 10,293
2025	9,064	1,229	10,293
2026	9,145	1,148	10,293
2027	9,227	1,066	10,293
2028	9,309	984	10,293
2029-2033	47,810	3,655	51,465
2034-2038	49,984	1,481	51,465
2039	7,692	30	7,722
Total	$ 151,215	$ 10,902	$ 162,117

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance meter equipment for the purpose of water loss and leak detection (Phase IV) was completed during fiscal year 2020 in the amount of $383,562 with 28% principal forgiveness. It bears an interest rate of 1.25% and matures in January 2041.

	Principal	Interest	Total
2024	$ 12,685	$ 2,928	$ 15,613
2025	12,844	2,769	15,613
2026	13,006	2,607	15,613
2027	13,169	2,444	15,613
2028	13,335	2,278	15,613
2029-2033	69,233	8,833	78,066
2034-2038	73,696	4,370	78,066
2039-2041	32,089	437	32,526
Total	$ 240,057	$ 26,666	$ 266,723

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance the rehabilitation of a lift station and replacement of sewer main along with pumps and related appurtenances at Trackside Lane was completed during 2021 in the amount of $900,000 with 25% principal forgiveness of $225,000 granted. It bears an interest rate of 0.89% and matures in January 2041.

	Principal	Interest	Total
2024	$ 31,670	$ 5,185	$ 36,855
2025	31,954	4,901	36,855
2026	32,239	4,616	36,855
2027	32,527	4,328	36,855
2028	32,818	4,037	36,855
2029-2033	168,541	15,735	184,276
2034-2038	176,208	8,068	184,276
2039-2041	91,087	1,052	92,139
Total	$ 597,044	$ 47,922	$ 644,966

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance the construction of water infrastructure was obtained in 2021. The project was not complete at the end of the year; therefore, there is a balance not yet in repayment of $165,017. The revised projected cost is $5,500,000, at interest rate of 0.24%. This loan is subject to $750,000 principal loan forgiveness, of which $720,879 remains available.

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance the construction of sewer infrastructure and upgrades at the wastewater treatment plant was obtained in 2022. The project was not complete at the end of the year; therefore, there is a balance not yet in repayment of $135,536. The total projected cost of the project is $3,500,000, at interest rate of 2.34%.

Bonds Payable

The City has obtained the following bonds payable for business-type activities:

General obligation bonds of $1,496 have not been presented for redemption. These bonds are payable when requested.

The City completed a bond refunding of the 1997 and 2014 Water and Sewerage Revenue Bonds in January 2021 in the amount of $11,690,000. The 2021 Refunded Bonds were issued as a public placement and bear interest rates from 2.25% - 4.00% with annual payments beginning in August 2021. Annual debt service requirements to maturity, without consideration of the related bond premium, are as follows:

	Principal	Interest	Total
2024	$ 225,000	$ 335,000	$ 560,000
2025	235,000	326,000	561,000
2026	245,000	316,600	561,600
2027	255,000	306,800	561,800
2028-2032	1,435,000	1,372,800	2,807,800
2033-2037	1,755,000	1,061,200	2,816,200
2038-2042	1,805,000	712,100	2,517,100
2043-2047	2,020,000	479,688	2,499,688
2048-2052	2,250,000	258,237	2,508,237
2053-2054	955,000	32,175	987,175
Total	$11,180,000	$ 5,200,600	$16,380,600

The revenue bonds are payable solely from and secured by a pledge of the net revenues of the utility system. Net revenue is defined as gross revenue from fees, charges, and earnings minus current expenses to operate and maintain the system other than depreciation, amortization, and debt service payments.

The following reconciles long-term bond obligations to the net amounts presented on the Statement of Fund Net Position:

Issue Date	Revenue Bonds Outstanding December 31, 2022	Reductions	Premium on Bond Issuance, Net	Revenue Bonds Outstanding, Net, December 31, 2023	Amounts Due in One Year, Net	Noncurrent Revenue Bonds, Net
2021	$ 11,400,000	$ 220,000	$ 817,994	$ 11,997,994	$ 199,090	$ 11,798,904
G.O.	1,496	-	-	1,496	-	1,496
	$ 11,401,496	$ 220,000	$ 817,994	$ 11,999,490	$ 199,090	$ 11,800,400

The premium associated with the issuance of bonds is shown net of the amortized amount that offsets interest expense. The premium, net of the amortized interest expense, is included with the debt liability on the Statement of Fund Net Position in accordance with GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* paragraph 187. The unamortized premium at December 31, 2023 was $817,994.

Changes in long-term debt:

	Beginning Balance 12/31/2022	Additions	Reductions	Ending Balance 12/31/2023	Due Within One Year
Governmental activities					
Financed purchases	$ 132,077	$ -	$ 40,766	$ 91,311	$ 42,210
Lease and subscription	4,590	8,542	2,385	10,747	3,009
Compensated absences	21,758	33,660	21,758	33,660	33,660
Net pension liability	293,694	272,952	-	566,646	-
	$ 452,119	$ 315,154	$ 64,909	$ 702,364	$ 78,879

Business-type activities					
Revenue bonds, with premium	$ 12,243,904	$ -	$ 244,414	$11,997,994	$ 199,090
Financed purchases	1,089,703	-	112,345	977,358	114,436
Lease and subscription	4,590	22,936	4,211	23,315	5,874
Notes payable	1,292,018	176,325	62,725	1,405,618	63,459
General obligation bond	1,496	-	-	1,496	-
Compensated absences	33,581	34,769	33,581	34,769	34,769
Net pension liability	213,630	209,354	-	422,984	-
	$ 14,878,922	$ 443,384	$ 457,276	$14,863,534	$ 417,628

Compensated absences are typically liquidated by the general fund. Total interest expense for all activities included in the Statement of Activities for 2023 was $3,595 for governmental activities and $351,189 for business type activities.

8. Interfund Balances

The following interfund balances are shown at December 31, 2023. All balances are expected to be repaid during the subsequent calendar year.

Interfund Payable	Interfund Receivable	Amount	Purpose
SPLOST Fund	General Fund	$ 408,943	Reimbursement of compliant public works project costs
ARPA Fund	General Fund	1,952	Transfer of interest earned to General Fund
		$ 410,895	

Interfund transfer from General Fund to a nonmajor fund in the amount of $36 was for the purpose of transferring general monies to reimburse the special revenue fund for bank charges. See note 19 for state noncompliance related to the interfund balance between SPLOST Fund and General Fund.

9. Property Taxes

The City of Blue Ridge's property tax calendar for the 2022 levy applicable to fiscal year 2023 was as follows:

Lien date	January 1, 2022
Levy date	October 18, 2022
Due date	January 18, 2023
Delinquent date	January 19, 2023

Effective July 1, 2016, interest is added monthly at an annual rate equal to the Federal Prime Rate plus 3% after the delinquent date. A penalty of 5% is assessed 120 days after the delinquent date, with an additional 5% assessed after each successive 120 days to a maximum of 20% of the principal amount due. FIFA's can be filed for uncollected taxes. The total 2022 levy was $744,850.

10. Pension Plan

Plan Description

The City has established a non-contributory defined benefit pension plan (The City of Blue Ridge Retirement Plan), covering all full-time employees who regularly work more than 20 hours per week. The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 1.5% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City established the plan effective June 1, 1998 and has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. Members may retire at 65 years of age with 5 years of service or 55 years of age with 25 years of service. Early retirement is possible at age 55 with 10 years of service. 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 at www.gmanet.com or 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.

Plan membership. As of July 1, 2023, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not receiving benefits	6
Active plan members	41
	64

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 a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City contributes an amount equal to the recommended contribution each year. For the year ended December 31, 2023, the City's contribution rate was 8.33% of annual covered payroll.

Net Pension Liability of the City

Effective January 1, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The City's net pension liability was measured as of March 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2023.

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

Inflation	2.25%
Salary increases	3.00% - 8.50%, including inflation of 2.25%
Investment rate of return	7.375%, net of pension plan investment expense, including inflation

Mortality rates for healthy retirees and beneficiaries were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table rates multiplied by 1.25.

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

Cost of living adjustments were assumed to be 0%.

Amounts reported for the fiscal year ending in 2023 and later reflect the following assumption changes based on an actuarial study conducted in November and December 2019:

The mortality tables for all participants, healthy retirees and beneficiaries, disabled and active were changed from previous tables.

Future mortality improvement, which was previously not explicitly projected, is based on based on projecting generationally.

Prior retirement assumption was based on the Plan's normal retirement eligibility. The new assumption relates to when a given participant is eligible for normal retirement and retirement rates do not apply is a participant is not eligible for either early or normal retirement.

The turnover rate was changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.

The disability rates were changed to 50% of the rates in the prior age-based rates.

The inflation assumption was decreased from 2.75% to 2.25%.

The salary increase assumption was changed from service-based salary scale starting at 8.25% and an ultimate rate of 3.25% to a service-based scale starting at 8.50 and an ultimate rate of 3%.

The investment return assumption was decreased from 7.50% to 7.375%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2023 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Cash	0%	
Total	100%	

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

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2023, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at March 31, 2022	$ 2,866,647	$ 2,359,323	$ 507,324
Changes for the year			
Service cost	62,590	-	62,590
Interest	210,306	-	210,306
Differences between expected and actual experience	203,596	-	203,596
Contributions – employer	-	155,947	(155,947)
Contributions – employee	-	-	-
Net investment income	-	(155,972)	155,972
Benefit payments, including refunds of employee contributions	(155,250)	(155,250)	-
Administrative expense	-	(5,789)	5,789
Other	-	-	-
Net changes	321,242	(161,064)	482,306
Balances at March 31, 2023	$ 3,187,889	$ 2,198,259	$ 989,630

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375% as well as what the City's net pension liability would be if it

were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease 6.375%	Current Discount Rate 7.375%	1% Increase 8.375%
City's net pension liability	$ 1,426,028	$ 989,630	$ 627,373

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2023 and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2023, the City recognized pension expense of $229,465. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 331,176	$ -
Changes in assumptions	3,881	(16,944)
Net difference between projected and actual earnings on pension plan investments	95,188	-
City contribution subsequent to the measurement date	105,705	-
Total	$ 535,950	$ (16,944)

City contributions subsequent to the measurement date of $105,705 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2024	$ 96,695
2025	37,885
2026	138,172
2027	106,616
2028	33,933
Total	$ 413,301

Deferred Compensation Plan

The City also has a 457(b) plan of deferred compensation that is funded 100% by the employees. The plan calls for volunteer contributions up to the levels allowed by the IRS. The cost of the plan will be borne by the participating employees. The funds are invested and administered by VALIC and the employee directs such investments. The plan is portable and eligible for rollover. There are no current employees active in the City's prior 457(b) plan of deferred compensation administered by Nationwide Retirement. There have been no employee contributions to the plan since April 2011 and the plan is only making distributions to participants.

11. Commitments and Contingencies

In prior years, the City executed two promissory notes with Georgia Environmental Finance Authority for infrastructure projects for which projects are under construction at the end of 2023, and all loan proceeds are not yet drawn. There is a potential loan forgiveness grant remaining of $720,879. This results in $7,949,448 of contingent liabilities that will likely enter repayment status in early 2026.

In November 2023, the City executed two promissory notes with Georgia Environmental Finance Authority for the upgrade of booster pump stations and related infrastructure. The projects had not commenced by the end of the year, but the loan funds were secured for a total of $950,000. These loans are subject to a loan forgiveness grant totaling $475,000.

In the opinion of the City Attorney, there are no suits pending on unasserted claims that would result in material liabilities of the City. The City has various agreements and contracts entered into in the normal course of business. Such agreements do not give rise to assets or liabilities considered material.

12. Risk Management

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Worker's Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

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 being required to pay and claim of loss. The City is also to allow 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 protest the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against member in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

13. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the Northwest Georgia area, is a member of the Northwest Georgia Regional Commission (NWGRC) and is required to pay annual dues thereto. During its year ended December 31, 2023 the City paid $1,226 in such dues. Membership in the NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the NWGRC. Membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of NWGRC. Separate financial statements may be obtained from Northwest Georgia Regional Commission, 1 Jackson Hill Drive, Rome Georgia 30162.

14. Related Organizations

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

15. Hotel/Motel Tax

The City of Blue Ridge levied an 8% Hotel/Motel tax in accordance with OCGA 48-13-51 in 2023. Amounts levied in excess of 2.5% are expended for promoting tourism and for tourism product development in accordance with OCGA 48-13-51 (b).

Hotel Tax Collections	$864,625
Restricted Revenue Collected	$537,588
Hotel Tax Expenditures	$529,788
Percentage Expended	61.3%

16. Subsequent Events

The City has evaluated subsequent events through November 13, 2025, the dates on which the financial statements were available to be issued. In February 2024, two promissory notes were executed with Georgia Environmental Finance Authority for a total of $2,040,500 related to infrastructure projects.

There were no other items noted that required modification to the financial statements nor disclosure in the notes to the financial statements.

17. Correction of a Prior Period

Contribution of assets from Fannin County Chamber of Commerce for costs related to construction of the city's pool were not recognized in the prior year. Additionally, assets transferred to Fannin County government as a component of the pool construction contract were not removed from the city's financial statements. These errors were applicable to the government wide statements for 2022, and are reflected as a net adjustment of beginning net position of $184,780 on the statement of activities on page 4.

18. Special Item

In July 2023, the governing body administratively dissolved the Blue Ridge Downtown Development Authority. As a result, the cash, capital assets net of pending accrued payables were transferred to the General Fund. This resulted in a transfer of $527,744 in cash and accrued payables of $33,376. The dissolution is shown as a revenue source (net) of $494,368 on the fund statements. The government wide statements present the inclusion of the contribution of capital assets of $54,997 from the authority to the primary government, which is a net revenue source of $549,365.

19. Material Violations of Finance-Related Legal Provisions

The following details material violations of finance-related provisions noted for calendar 2023:

OCGA 48-8-121 requires that tax collections from the special local option sales tax not be commingled with general operating monies. $59,049 in SPLOST collections was deposited into the general operating account during 2023.

OCGA 48-8-122 requires that a schedule of expenditures for each adopted SPLOST referendum be published in the legal organ of the county within 180 days of fiscal year end. The City did not publish the required schedule.

OCGA 48-13-50.2(6) requires that restricted portion of hotel motel tax collections should be appropriated and utilized in the year of collection. The City currently has $163,716 in restricted monies that have not been timely utilized.

The Uniform Chart of Accounts established in OCGA 36-81-3(e) requires that a project utilizing any portion of SPLOST collections for financing costs must report the entire project in that capital project fund. This includes transferring monies from other funds into the capital projects fund for all costs. The City financed a large infrastructure in the General Fund and shows a material interfund payable from the SPLOST Fund at year end.

CITY OF BLUE RIDGE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

City of Blue Ridge, Georgia
Required Supplementary Information
Georgia Municipal Association Defined Benefit Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
For the year ended December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	$ 62,590	$ 55,785	$ 49,454	$ 58,484	$ 38,531	$ 36,825	$ 34,210	$ 30,964	$ 27,195
Interest	210,306	198,882	178,044	171,236	152,931	141,255	136,385	117,879	111,985
Difference between expected and actual experience	203,596	40,357	161,811	33,393	112,123	51,481	(30,282)	161,654	16,983
Changes of assumptions	-	-	-	(39,537)	-	27,170	-	-	(22,312)
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(155,250)	(138,588)	(87,606)	(79,471)	(79,472)	(78,184)	(76,751)	(66,665)	(48,927)
Net change in total pension liability	321,242	156,436	301,703	144,105	224,113	178,547	63,562	243,832	84,924
Total pension liability- beginning	2,866,647	2,710,211	2,408,508	2,264,403	2,040,290	1,861,743	1,798,181	1,554,349	1,469,425
Total pension liability- ending (a)	$ 3,187,889	$ 2,866,647	$ 2,710,211	$ 2,408,508	$ 2,264,403	$ 2,040,290	$ 1,861,743	$ 1,798,181	$ 1,554,349
Plan fiduciary net position									
Contributions- employer	$ 155,947	$ 119,500	$ 129,290	$ 108,656	$ 89,705	$ 83,602	$ 68,650	$ 66,370	$ 77,207
Contributions- employee	-	-	-	-	-	-	-	-	-
Net investment income	(155,972)	137,480	694,700	(116,313)	56,177	171,339	154,326	3,791	107,628
Benefit payments- including refund of employee contributions	(155,250)	(138,588)	(87,606)	(79,471)	(79,472)	(78,184)	(76,751)	(66,665)	(48,927)
Administrative expense	(5,789)	(6,563)	(5,183)	(5,569)	(5,204)	(5,150)	(5,288)	(3,364)	(3,028)
Other	-	-	-	-	-	-	-	-	-
Net change in fiduciary net position	(161,064)	111,829	731,201	(92,697)	61,206	171,607	140,937	132	132,880
Plan fiduciary net position- beginning	2,359,323	2,247,494	1,516,293	1,608,990	1,547,784	1,376,177	1,235,240	1,235,108	1,102,228
Plan fiduciary net position- ending (b)	$ 2,198,259	$ 2,359,323	$ 2,247,494	$ 1,516,293	$ 1,608,990	$ 1,547,784	$ 1,376,177	$ 1,235,240	$ 1,235,108
Net pension liability- ending (a-b)	$ 989,630	$ 507,324	$ 462,717	$ 892,215	$ 655,413	$ 492,506	$ 485,566	$ 562,941	$ 319,241
Plans fiduciary net position as a percentage of the total pension liability	68.96%	82.30%	82.93%	62.96%	71.06%	75.86%	73.92%	68.69%	79.46%
Covered employee payroll	$ 2,132,312	$ 1,888,361	$ 1,622,054	$ 1,546,353	$ 1,546,482	$ 1,177,166	$ 1,182,712	$ 1,178,056	$ 1,053,339
Net pension liability as a percentage of covered employee payroll	46.41%	26.87%	28.53%	57.70%	42.38%	41.84%	41.06%	47.79%	30.31%

Notes to the Schedule:

Historical information prior to implementation of GASB 67/68 is not required, but this schedule will present 10 years of information once accumulated.

City of Blue Ridge, Georgia
Required Supplementary Information
Georgia Municipal Association Defined Benefit Plan
Schedule of Contributions
For the year ended December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ - *	$ 144,854	$ 125,543	$ 130,539	$ 101,361	$ 85,820	$ 82,863	$ 63,913	$ 67,189
Contributions in relation to the actuarially determined contribution	- *	144,854 **	126,743	130,539	101,361	85,820	82,863	63,913	67,189
Contribution deficiency (excess)	$ - *	$ -	$ (1,200)	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ - *	$ 1,888,361 ***	$ 1,622,054	$ 1,546,353	$ 1,546,482	$ 1,177,166	$ 1,182,712	$ 1,178,056	$ 1,053,339
Contributions as a percentage of covered employee payroll	0.00%	7.67%	7.81%	8.44%	6.55%	7.29%	7.01%	5.43%	6.38%

*2023 information will be determined after fiscal year end and will be included in the 2024 valuation report.

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

***2022 covered payroll is based on data collected as of March 31, 2022 for the 2022 actuarial valuation.

Notes to the Schedule:

Historical information prior to implementation of GASB 67/68 is not required, but this schedule will present 10 years of information once accumulated.

Valuation date	The actuarial determined contribution rate was determined as of July 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending December 31, 2024.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 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 the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial assumptions:	
Net investment rate of return	7.375%
Projected salary increase	2.25% plus service based merit increases
Cost of living adjustments	0.00%
Retirement age	The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.
Mortality	Morality rates were based on the sex-distinct Pri-2012 headcount weighted Healthy Retiree Mortality Table with rates multipled by 1.25

Amounts reported for the fiscal year ending in 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

The mortality tables for all participants, healthy retirees and beneficiaries, disabled and active were changed from sex distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 headcount weighted Healthy Retiree Mortality Table with rates multipled by 1.25.

The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 headcount weighted Disabled Retiree Mortality Table with rates multipled by 1.25.

The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct Pri-2012 headcount weighted Employee Mortality Table.

Future mortality improvement, which was previously not explicitly projected, is based on based on projecting generationally.

Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct rates under the 2019 OASDI Trustees Report used for the intermediate alternative. Previously future mortality improvements were not explicitly projected.

The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older.

The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.

The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.

The disability rates were changed to 50% of the rates in the prior age-based table.

The inflation assumption was decreased from 2.75% to 2.25%.

The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.
The investment return assumption was decreased from 7.50% to 7.375%..

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

CITY OF BLUE RIDGE, GEORGIA

SUPPLEMENTARY INFORMATION

City of Blue Ridge, Georgia
Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Confiscated Assets	ARPA	
Assets			
Cash	$ 5,531	$ 419,027	$ 424,558
Total Assets	$ 5,531	$ 419,027	$ 424,558
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Interfund payable	$ -	$ 1,952	$ 1,952
Unearned revenue	-	417,075	417,075
Total Liabilities	-	419,027	419,027
Fund Balances			
Restricted			
Program purposes			
Public safety	5,531	-	5,531
Total Fund Balances	5,531	-	5,531
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,531	$ 419,027	$ 424,558

City of Blue Ridge, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2023

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Confiscated Assets	ARPA	
Revenues			
Fines and forfeitures	$ 2,921	$ -	$ 2,921
Total Revenues	2,921	-	2,921
Expenditures			
Current			
Public safety	412	-	412
Total Expenditures	412	-	412
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,509	-	2,509
Other Financing Sources (Uses)			
Transfers in	36	-	36
Total Other Financing Sources (Uses)	36	-	36
Net Change in Fund Balances	2,545	-	2,545
Fund Balances Beginning of Year	2,986	-	2,986
Fund Balances (Deficits) End of Year	$ 5,531	$ -	$ 5,531

City of Blue Ridge, Georgia
Confiscated Assets Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances- Budget and Actual
For the year ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Budget
Revenues				
Confiscations	$ 1,500	$ 1,500	$ 2,921	$ 1,421
Total Revenues	1,500	1,500	2,921	1,421
Expenditures				
Current				
Public safety	1,500	1,500	412	1,088
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	2,509	2,509
Other Financing Sources (Uses)				
Transfers in	-	-	36	36
Net Change in Fund Balances	$ -	$ -	2,545	$ 2,545
Fund Balances Beginning of Year			2,986	
Fund Balances End of Year			$ 5,531	

City of Blue Ridge, Georgia
American Rescue Plan Act Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances- Budget and Actual
For the year ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Budget
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers out	(300,000)	(300,000)	-	300,000
Use of fund balance	300,000	300,000	-	(300,000)
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	$ -	$ -	-	$ -
Fund Balances Beginning of Year			-	
Fund Balances End of Year			$ -	

City of Blue Ridge, Georgia
SPLOST Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances- Budget and Actual
For the year ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Budget
Revenues				
Intergovernmental	$ 718,820	$ 863,224	$ 744,829	$ (118,395)
Investment earnings	1,000	17,000	45,990	28,990
Restitution	-	-	4,400	4,400
Total Revenues	719,820	880,224	795,219	(85,005)
Expenditures				
General government	-	16,000	14,073	1,927
Public works	48,820	48,820	4,414	44,406
Capital Outlay				
Public works	1,100,000	1,500,000	577,542	922,458
Total Expenditures	1,148,820	1,564,820	596,029	968,791
Excess of Revenues Over Expenditures	(429,000)	(684,596)	199,190	883,786
Other Financing Sources (Uses)				
Use of fund balance	849,000	1,104,596	-	(1,104,596)
Transfers out	(420,000)	(420,000)	-	420,000
Total Other Financing Sources (Uses)	429,000	684,596	-	(684,596)
Net Change in Fund Balances	$ -	$ -	199,190	$ 199,190
Fund Balances Beginning of Year			1,531,620	
Fund Balances End of Year			$ 1,730,810	

City of Blue Ridge, Georgia
Schedule for Projects Constructed with
Special Purpose Local Option Sales Tax
For the year ended December 31, 2023

Project	Referendum Authorized Amount	Original Estimated Cost	Prior Years' Expenditures	Current Year Expenditures	Cumulative Total	Estimated Percentage of Completion
2017 SPLOST						
Maintenance, repair, and construction of roads, streets, bridges and sidewalks	$ 1,470,000	$ 1,470,000	$ 1,828,737	$ 580,042	$ 2,408,779	164%
Water or Sewer, capital outlay purposes	420,000	420,000	-	-	-	0%
Building Improvements and infrastructure, capital outlay purposes	210,000	210,000	23,115	15,987	39,102	19%
	2,100,000	2,100,000	1,851,852	596,029	2,447,881	
2023 SPLOST						
Maintenance, repair, and construction of roads, streets, bridges and sidewalks	3,001,600	3,001,600	-	-	-	0%
Water or Sewer upgrades, capital outlay purposes	1,002,400	1,002,400	-	-	-	0%
Recreation facilities and improvements	196,000	196,000	-	-	-	0%
	4,200,000	4,200,000	-	-	-	
	$ 6,300,000	$ 6,300,000	$ 1,851,852	$ 596,029	$ 2,447,881	

Note A: The SPLOST schedule has been prepared on the modified accrual basis of accounting.

Note B: Current year expenditures include $4,400 of restitution. This inflow of resources is included in expenditures in the SPLOST statements on page 7. Additionally, costs presented above include $18,487 that do not meet the requirement for capitalization according to the City's policies and practices.

CITY OF BLUE RIDGE, GEORGIA

INTERNAL CONTROL AND COMPLIANCE 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*

To the Mayor and City Council
City of Blue Ridge, 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 City of Blue Ridge, Georgia, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City of Blue Ridge, Georgia's basic financial statements and have issued our report thereon dated November 13, 2025.

Report on Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-003 and 2023-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Blue Ridge, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-005, 2023-006, 2023-007, and 2023-008.

City of Blue Ridge, Georgia's Response to Findings

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

Purpose of This Report

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

Welch, Walker & Associates, P.C. CPAs

East Ellijay, Georgia
November 13, 2025

CITY OF BLUE RIDGE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2023

MATERIAL WEAKNESS:

2023-001 – Segregation of Duties

Criteria: Segregation of employees' duties is a common practice in an effective internal control structure. Policies should be in place requiring the segregation of certain duties.

Condition/Context: During the course of our testing procedures, we noted several areas in which the segregation of duties could be improved. Ideally, the duties of cash handling and bookkeeping should be segregated in order to prevent those handling cash from having access to the accounting records. Also, the duties of posting detailed transactions to the general ledger system should be segregated from other functions, such as cash reconciliation, accounts receivable, accounts payable and/or purchasing.

Cause: The division of duties among staff for these functions has resulted in overlapping duties. There would likely be minimal staff hiring required to fully segregate duties.

Effect: Without segregation of duties within these functions, there is increased exposure that City assets could be intentionally or unintentionally misappropriated.

Recommendation: While improvement has been made in this area, we recommend the City continue their efforts in the design of their internal controls in order to operate with effective segregation of duties. Having adequate segregation of duties will ensure the proper recording and recognition of accounting transactions and will lessen the potential for misappropriation of City assets.

Response: The City has hired additional staff and is in the process of redefining job descriptions in an effort to mitigate the risk associated with the lack of segregation of duties. The goal is to continue working towards a solution and redesign the internal control structure in order to fully segregate financial duties at the City. Until such a time, management will continue to provide oversight as practical in order to mitigate the risk of misappropriation of assets.

2023-002 – Material Adjustments of General Ledger

Criteria: The City is responsible for preparing annual financial statements in accordance with generally accepted accounting principles (GAAP).

Condition/Context: Management did not accurately present the financial statement balances at year end. As such, material entries were required as part of the audit. Such entries included the recording of lease activity, contributions of capital assets, reclassification of capital assets placed in service, deferred revenue and related receivables and revenue for the General Fund, correction of accounts payable, cash, and interfund activity, and dissolution of the Downtown Development Authority.

Cause: Financial activity occurring during the calendar year was not properly recorded, and additional entries were needed to complete the year-end closing process.

Effect: Financial statements were materially misstated at December 31, 2023 due to inaccurate general ledger balances and omission of certain year-end closing entries.

Recommendation: We recommend that the City create a year-end closing entry checklist to ensure that all year end closing entries are included in the financial statements.

Response: The City agrees with this finding and will make a diligent effort to include all financial activity throughout the year in the financial records as well as record necessary year-end closing entries in the future.

SIGNIFICANT DEFICIENCIES:

2023-003 – Reconciliation of Cash and the General Ledger

Criteria: Cash activity for all accounts held by the City at a financial banking institution should be reconciled to cash receipts and disbursements on a timely and consistent basis. Additionally, the general ledger financial information should be reviewed monthly to ensure that all activity has been recorded timely.

Condition/Context: While bank reconciliations were consistently performed for the City's bank accounts for a portion of the year, the bank reconciliations were not performed for several months and activity was not recorded in the general ledger.

Cause: Basic general ledger functions such as cash collections and payments to vendors by check were recorded routinely. However, for several months in 2023, there were material omissions of financial information in the general ledger that were recorded in late 2023 and early 2024. Unusual items and direct bank account drafts were most susceptible to omission from the financial information. For example, the City received a federal grant payment by check in October 2023. The actual deposit of the check occurred in March 2024. Journal entries recording late 2023 activity were recorded with an effective date in 2023, but were not posted to the system until early 2024. Payroll transactions require allocation between departments and funds. Such allocations did not occur timely.

Effect: Overall cash balances for the bank accounts were misstated, until reconciliation in 2024. Reconciling cash activity ensures that amounts are accurate and complete. Such information is necessary to safeguard against the potential misappropriation or misuse of cash. By not evaluating and resolving reconciliation items on a consistent basis, the Organization is at risk, as timely information is not available should any loss or misuse of cash occur. Additionally, those charged with governance should be provided with accurate financial information upon which to make decisions and monitor the financial health of the City.

Recommendation: It is our recommendation that the Organization reconcile all inflows and outflows of cash as stated on the general ledger to the monthly bank statements on a regular and consistent basis. A discrepancy between the ledger and the bank statements should be assessed for reasonableness and addressed if differences are not attributable to timing variances.

Response: The Organization agrees with this finding and will reconcile all cash accounts on the general ledger to cash receipts and disbursements on a timely and consistent basis.

2023-004 – Employee Accrued Leave

Criteria: The City is responsible for accruing earned leave for each employee in compliance with the personnel policy.

Condition/Context: Employees were compensated for vacation and sick leave for hours not yet earned. This occurred throughout the calendar year for various employees, and one employee ended the calendar year with a negative leave balance.

Cause: Controls were not activated in the payroll processing software that generates a warning for employees attempting to be paid for leave not yet earned. There was no reconciliation of accrued leave earned and taken throughout the year.

Effect: Employees were paid for vacation and sick leave erroneously.

Recommendation: We recommend that the City enable the settings in the payroll software to prevent the payment of leave not yet earned. Additionally, we recommend that the amount of leave accrued and taken is reconciled quarterly as part of the quarterly payroll reporting function.

Response: The City agrees with this finding and will create a system of internal controls to prevent this from occurring in the future.

INSTANCES OF NONCOMPLIANCE WITH STATE LAW:

2023-005 – Material Violation of Finance-Related Legal Provisions

Criteria: OCGA 48-8-121 states that special local option sales tax proceeds shall be kept in a separate account from other funds of such county and each qualified municipality receiving proceeds of the sales and use tax and shall not

in any manner be commingled with other funds of such county and each qualified municipality receiving proceeds of the sales and use tax prior to the expenditures.

Condition/Context: During 2023, the City deposited $59,049 of special local option sales tax collections into the general operating account.

Cause: The check received was deposited into the general operating bank account instead of an account earmarked for the custody and expenditure of special local option sales tax. Therefore, the restricted tax proceeds were commingled with the general operating funds of the City. The proceeds were not transferred to the appropriate bank account for approximately three months.

Effect: The City commingled SPLOST monies with General Fund monies, and therefore, was not in compliance with OCGA 48-8-121.

Recommendation: We recommend that the City segregate all SPLOST monies from other monies held by the City.

Response: The City agrees with this finding and will monitor this to ensure that SPLOST monies are not commingled in the future.

2023-006 – Material Violation of Finance-Related Legal Provisions

Criteria: OCGA 48-8-122 states that a local government must publish, not later than 180 days following the close of each fiscal year, in a newspaper of general circulation and in a prominent location on their website a simple nontechnical report which shows for each project the original estimated cost, amount expended in prior fiscal years and the most recently completed fiscal year, any excess proceeds, estimated completion date and the actual completion cost of any project completed during the most recently completed fiscal year.

Condition/Context: There was no evidence that a schedule required by OCGA 48-8-122 was published no later than 180 days after the end of 2023.

Cause: The City failed to publish the required schedule for expenditures of the Special Local Option Sales Tax Fund for 2023.

Effect: Failure to publish the schedule resulted in noncompliance with OCGA 48-8-122.

Recommendation: We recommend that the City monitor all financial reporting responsibilities required by state law using a master list maintained by a designated staff member.

Response: The City agrees with this finding and will monitor this to ensure that reporting requirements are met in the future.

2023-007 – Material Violation of Finance-Related Legal Provisions

Criteria: OCGA 48-13-50.2(6) provides for the collection and disbursement of tourism product development monies as a component of hotel motel tax levied and collected by a municipality. Such monies are collected for the purpose of creation or expansion of physical attractions which are available and open to the public and which improve destination appeal to visitors, support visitors' experience, and are used by visitors. Such expenditures may include capital costs and operating costs. Additionally, the expenditure of the tax should be identified as tourism product development expenditures in the government's annual budget, and should be spent in the fiscal year in which they are collected.

Condition/Context: There was no distinction made in the 2023 adopted budget for the expenditure of tourism product development tax collected, and there is an accumulating balance of monies unused at the end of 2023. Restricted cash reflected in the Hotel Motel Tax Fund includes $163,716 of said tax collected that has not been expended.

Cause: The City has failed to timely expend the tourism product development component of hotel motel tax collected.

Effect: Failure to timely expend the restricted tax collected resulted in noncompliance with OCGA 48-13-50.2(6).

Recommendation: We recommend that the City include a provision in future budgets to expend the expected collection of both restricted revenue streams of hotel motel tax. Additionally, the tourism product development monies should be reconciled quarterly concurrently with the reconciliation of the tourism, conventions, and tradeshows portion of the tax collected.

Response: The City agrees with this finding and will monitor this to ensure that proper budget inclusion and utilization of the tax collections occur in the future.

2023-008 – Material Violation of Finance-Related Legal Provisions

Criteria: OCGA 36-81-3(e) states that a local government must adopt the Uniform Chart of Accounts created by Georgia Department of Community Affairs. The Uniform Chart of Accounts requires that if a government finances a capital project from multiple funding sources, the capital projects fund must be used for the total financing of the project.

Condition/Context: At the end of the year, the SPLOST Fund shows an amount payable to the General Fund for $408,943 related to infrastructure project costs that need to be reimbursed. Additionally, a budget amendment was adopted by the governing body for the improper cash flow of financing the project.

Cause: The City accounted for the financing of a large infrastructure project in the General Fund, supplementing $408,943 of the costs from the SPLOST Fund instead of financing the entire project in the SPLOST Fund. The project instead should have shown all costs paid directly from the SPLOST Fund with an incoming transfer of cash from the General Fund.

Effect: Failure to accurately report for the infrastructure project financing resulted in noncompliance with OCGA 36-81-3(e).

Recommendation: We recommend that the City monitor the project funding source before commencement to determine the proper method for financing the costs and appropriately transferring monies between funds.

Response: The City agrees with this finding and will monitor this to ensure that proper budget inclusion and utilization of SPLOST financing in the future.