CITY OF BLUE RIDGE, GEORGIA

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2024

CITY OF BLUE RIDGE, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2024

TABLE OF CONTENTS

Page

Principal Officers iii

FINANCIAL SECTION
Independent Auditor's Report 1
Basic Financial Statements
Government-wide Financial Statements:
Statement of Net Position 3
Statement of Activities 4
Fund Financial Statements:
Balance Sheet- Governmental Funds 5
Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position 6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 7
Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 8
Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual - General Fund 9
Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – Hotel Motel Tax Fund 10
Statement of Fund Net Position- Proprietary Fund 11
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund 12
Statement of Cash Flows - Proprietary Fund 13
Notes to Financial Statements 15

Required Supplementary Information:
Schedule of Changes in the Net Pension Liability and Related Ratios 36
Schedule of Contributions 37

Supplementary Information:
Nonmajor Funds Combining Statements
Balance Sheet- Nonmajor Governmental Funds 39
Statement of Revenues, Expenditures and Changes in Fund Balances- Nonmajor Governmental Funds 40
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual – Confiscated Assets Fund 41
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual – American Rescue Plan Act (ARPA) Fund 42
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual – Debt Service Fund 43
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual – SPLOST Fund 44
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax 45
Schedule of Expenditures of Federal Awards 46

INTERNAL CONTROL AND COMPLIANCE SECTION
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 48
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance 50
Schedule of Findings and Questioned Costs 53

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 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
PH (706) 515-2000 FAX (706)515-2011

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, 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, 2024, 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, each major fund, and the aggregate remaining fund information of the City of Blue Ridge, Georgia as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and 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 36-37 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, schedule of projects constructed with special purpose local option sales tax (as required by Official Code of Georgia Annotated section 48-8-121), and the schedule of expenditures of federal awards, 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, schedule of projects constructed with special purpose local option sales tax, and the schedule of expenditures of federal awards 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 June 26, 2026, 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
June 26, 2026

City of Blue Ridge, Georgia
Statement of Net Position
December 31, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash	$ 2,851,789	$ 1,485,905	$ 4,337,694
Pooled operating cash	2,809,887	3,710,464	6,520,351
Restricted assets			
Cash	-	524,542	524,542
Receivables			
Accounts	48,984	492,021	541,005
Property taxes	771,500	-	771,500
Franchise taxes	27,560	-	27,560
Other taxes	185,976	-	185,976
Fines	53,551	-	53,551
Intergovernmental	283,238	-	283,238
Leases	172,841	-	172,841
Inventory	-	81,127	81,127
Prepaid items	42,599	90,474	133,073
Total Current Assets	7,247,925	6,384,533	13,632,458
Noncurrent Assets			
Restricted assets			
Cash and cash equivalents	-	369,241	369,241
Right-to-use leased assets (net)	7,264	16,198	23,462
Capital assets			
Nondepreciable	4,231,695	8,473,637	12,705,332
Depreciable, net	10,068,798	21,317,712	31,386,510
Total Noncurrent Assets	14,307,757	30,176,788	44,484,545
Total Assets	21,555,682	36,561,321	58,117,003
Deferred Outflows of Resources			
Pension related	243,490	167,118	410,608
Liabilities			
Current Liabilities			
Accounts payable	1,152,869	3,151,032	4,303,901
Contracts payable	43,940	-	43,940
Accrued expenses	-	33,094	33,094
Accrued payroll liabilities	61,095	38,128	99,223
Accrued interest payable	3,321	159,276	162,597
Other	42,380	-	42,380
Compensated absences payable	109,572	87,548	197,120
Leases and subscriptions payable	3,124	6,169	9,293
Notes payable	28,019	295,208	323,227
Retainage payable	241,058	327,422	568,480
Revenue obligation bonds payable	-	209,090	209,090
Payable from restricted assets			
Unearned revenue	417,075	-	417,075
Customer deposits	-	524,542	524,542
Total Current Liabilities	2,102,453	4,831,509	6,933,962
Long-Term Liabilities (net of current portion)			
Net pension liability	496,874	341,026	837,900
Leases and subscriptions payable	4,614	11,272	15,886
Notes payable	1,141,009	6,467,566	7,608,575
Revenue bonds payable	-	11,537,994	11,537,994
General obligation bonds payable	-	1,496	1,496
Total Long-Term Liabilities	1,642,497	18,359,354	20,001,851
Total Liabilities	3,744,950	23,190,863	26,935,813
Deferred Inflows of Resources			
Unavailable revenues	908,415	-	908,415
Pension related	49,406	33,910	83,316
Total Deferred Inflows of Resources	957,821	33,910	991,731
Net Position			
Net investment in capital assets	12,021,608	8,216,120	20,237,728
Restricted for			
Debt service	-	369,241	369,241
Capital projects	429,046	-	429,046
Program purposes			
Public safety	5,531	-	5,531
Housing and economic development	232,869	-	232,869
Unrestricted	4,407,347	4,918,305	9,325,652
Total Net Position	$ 17,096,401	$ 13,503,666	$ 30,600,067

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Activities
For the Year Ended December 31, 2024

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	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary Government							
Governmental Activities							
General government	$ 973,129	$ 188,844	$ -	$ -	$ (784,285)	$ -	$ (784,285)
Judicial	229,953	287,939	2,700	-	60,686	-	60,686
Public safety	1,508,221	10,111	-	-	(1,498,110)	-	(1,498,110)
Public works	1,033,534	-	97,020	837,351	(99,163)	-	(99,163)
Culture and recreation	607,779	62,052	-	1,529,870	984,143	-	984,143
Housing and development	581,080	14,460	-	-	(566,620)	-	(566,620)
Interest	9,694	-	-	-	(9,694)	-	(9,694)
Total Governmental Activities	4,943,390	563,406	99,720	2,367,221	(1,913,043)	-	(1,913,043)
Business-Type Activities							
Water system	3,273,181	3,219,904	-	448,356	-	395,079	395,079
Sewer system	1,638,573	1,433,504	-	58,000	-	(147,069)	(147,069)
Total Business-Type Activities	4,911,754	4,653,408	-	506,356	-	248,010	248,010
Total - Primary Government	$ 9,855,144	$ 5,216,814	$ 99,720	$ 2,873,577	(1,913,043)	248,010	(1,665,033)
General Revenues							
Property taxes levied for general government purposes					832,899	-	832,899
Sales taxes					1,494,617	-	1,494,617
Franchise taxes					170,716	-	170,716
Insurance premium taxes					119,641	-	119,641
Business and occupation taxes					132,894	-	132,894
Real estate and intangible taxes					10,565	-	10,565
Other taxes					1,495,152	-	1,495,152
Investment earnings					172,300	47,170	219,470
Interest and fiscal charges					4,661	-	4,661
Miscellaneous					11,941	1,105	13,046
Total General Revenues					4,445,386	48,275	4,493,661
Change in Net Position					2,532,343	296,285	2,828,628
Net Position Beginning of Year					14,619,084	13,238,872	27,857,956
Change in accounting principle					(55,026)	(31,491)	(86,517)
Net Position Beginning of Year, restated					14,564,058	13,207,381	27,771,439
Net Position End of Year					$ 17,096,401	$ 13,503,666	$ 30,600,067

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	SPLOST	Hotel Motel Tax	Nonmajor Governmental Funds	Total
Assets					
Cash	$ 682,295	$ 1,743,228	$ -	$ 426,266	$ 2,851,789
Pooled operating cash	1,421,113	-	1,388,774	-	2,809,887
Receivables (net)					
Accounts	31,182	17,802	-	-	48,984
Property taxes	771,500	-	-	-	771,500
Franchise taxes	27,560	-	-	-	27,560
Other taxes	68,109	-	117,867	-	185,976
Fines	53,551	-	-	-	53,551
Intergovernmental					
State	138,510	-	-	-	138,510
County	-	144,728	-	-	144,728
Lease	172,841	-	-	-	172,841
Interfund	2,132,664	-		-	2,132,664
Prepaid items	42,599	-	-	-	42,599
Total Assets	$ 5,541,924	$ 1,905,758	$ 1,506,641	$ 426,266	$ 9,380,589
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 1,006,054	$ -	$ 146,815	$ -	$ 1,152,869
Contracts payable	43,940	-	-	-	43,940
Accrued payroll liabilities	61,095	-	-	-	61,095
Unearned revenue	-	-		417,075	417,075
Other	42,380	-	-	-	42,380
Retainage payable	53,060	187,998	-	-	241,058
Interfund payable	-	2,129,004	-	3,660	2,132,664
Total Liabilities	1,206,529	2,317,002	146,815	420,735	4,091,081
Deferred Inflows of Resources					
Unavailable revenue	1,000,238	17,802	-	-	1,018,040
Deferred inflows relating to leases	163,067	-	-	-	163,067
Total Deferred Inflows of Resources	1,163,305	17,802	-	-	1,181,107
Fund Balances (Deficits)					
Nonspendable					
Prepaid items	42,599	-	-	-	42,599
Restricted					
Program purposes					
Public safety	-	-	-	5,531	5,531
Economic development	-	-	232,869	-	232,869
Assigned					
Economic development	-	-	1,126,957	-	1,126,957
Unassigned, reported in					
General fund	3,129,491	-	-	-	3,129,491
Capital projects fund	-	(429,046)	-	-	(429,046)
Total Fund Balances (Deficits)	3,172,090	(429,046)	1,359,826	5,531	4,108,401
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,541,924	$ 1,905,758	$ 1,506,641	$ 426,266	$ 9,380,589

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, 2024

Total Governmental Fund Balances			$ 4,108,401
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	$	18,904,690	
Less accumulated depreciation		(4,604,197)	14,300,493
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		(7,164)	7,264
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes	$	18,208	
Licenses		1,725	
Intergovernmental		17,802	
Fines		71,890	
Leases		163,067	
Deferred outflows of resources- pension related		243,490	516,182
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	$	(7,738)	
Notes payable		(1,169,028)	
Compensated absences		(109,572)	
Accrued interest		(3,321)	
Net pension obligation		(496,874)	
Deferred inflow of resources- pension related		(49,406)	(1,835,939)
Net Position Of Governmental Activities			$ 17,096,401

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, 2024

	General Fund	SPLOST	Hotel Motel Tax	Nonmajor Governmental Funds	Total
Revenues					
Property taxes	$ 822,996	$ -	$ -	$ -	$ 822,996
Sales taxes	1,494,617	-	-	-	1,494,617
Other taxes	1,046,976	-	880,442	-	1,927,418
Licenses and permits	195,704	-	-	-	195,704
Intergovernmental	97,020	800,613	-	-	897,633
Charges for services	78,937	-	600	-	79,537
Fines and forfeitures	294,952	-	-	2,700	297,652
Lease revenue	63,797	-	-	-	63,797
Investment earnings	172,300	36,738	-	-	209,038
Interest and fiscal charges	4,661	-	-	-	4,661
Restitution	-	3,200	-	-	3,200
Miscellaneous	11,941	-	-	-	11,941
Total Revenues	4,283,901	840,551	881,042	2,700	6,008,194
Expenditures					
Current					
General government	867,035	483	-	-	867,518
Judicial	224,486	-	-	-	224,486
Public safety					
Police	1,398,851	-	-	-	1,398,851
Fire	25,588	-	-	-	25,588
Public works	1,107,673	-	-	-	1,107,673
Culture and recreation	484,375	-	-	-	484,375
Housing and economic development	115,500	-	431,980	-	547,480
Capital Outlay					
Public works	-	4,919,851	-	-	4,919,851
Debt Service					
Principal retirement	45,218	-	-	-	45,218
Interest and fiscal charges	3,231	-	-	4,949	8,180
Total Expenditures	4,271,957	4,920,334	431,980	4,949	9,629,220
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,944	(4,079,783)	449,062	(2,249)	(3,621,026)
Other Financing Sources (Uses)					
Proceeds from issuance of loan	-	1,119,927	-	-	1,119,927
Transfers in	140,513	800,000	-	4,949	945,462
Transfers out	(804,949)	-	(137,813)	(2,700)	(945,462)
Total Other Financing Sources	(664,436)	1,919,927	(137,813)	2,249	1,119,927
Net Change in Fund Balances	(652,492)	(2,159,856)	311,249	-	(2,501,099)
Fund Balances Beginning of Year	3,824,582	1,730,810	1,048,577	5,531	6,609,500
Fund Balances (Deficits) End of Year	$ 3,172,090	$ (429,046)	$ 1,359,826	$ 5,531	$ 4,108,401

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, 2024

Net Changes In Fund Balances - Total Governmental Funds			$ (2,501,099)
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	$ (545,643)	
	Capital outlay	5,347,828	4,802,185
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	$ (3,075)	
	Right-of-use assets outlay	-	(3,075)
Contributions of capital assets are report in the government-wide statement of activities but not reported at the fund financial reporting level.			1,529,870
Disposal of capital assets related to projects abandoned during the calendar year are reported in the government-wide statement of activities, but not reported at the fund financial reporting level.			(102,781)
The issuance of debt is reported as other financing sources at the fund level, but is reported as a liability on the government-wide statement of activities.			(1,119,927)
Repayment of lease liability principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of activities.			3,009
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.			42,210
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 12/31/23	$ (1,542)	
	Deferred at 12/31/24	18,208	16,666
	Licenses:		
	Deferred at 12/31/23	$ (175)	
	Deferred at 12/31/24	1,725	1,550
	Intergovernmental:		
	Deferred at 12/31/23	$ (27,765)	
	Deferred at 12/31/24	17,802	(9,963)
	Fines:		
	Deferred at 12/31/23	$ (78,903)	
	Deferred at 12/31/24	71,890	(7,013)
	Leases:		
	Deferred at 12/31/23	$ (226,638)	
	Deferred at 12/31/24	163,067	(63,571)
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.			(33,318)
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 12/31/23	$ 1,807	
	Liability at 12/31/24	(3,321)	(1,514)
	Compensated absences		
	Liability at 12/31/23, restated	$ 88,686	
	Liability at 12/31/24	(109,572)	(20,886)
Change In Net Position of Governmental Activities			$ 2,532,343

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, 2024

	Original Budget	Final Budget	Actual	Variance With Budget
Revenues				
Property taxes	$ 832,500	$ 832,500	$ 822,996	$ (9,504)
Sales taxes	1,414,000	1,414,000	1,494,617	80,617
Other taxes	1,013,000	1,013,000	1,046,976	33,976
Licenses and permits	185,500	185,500	195,704	10,204
Intergovernmental	45,146	45,146	97,020	51,874
Charges for services	215,250	215,250	78,937	(136,313)
Fines and forfeitures	225,000	225,000	294,952	69,952
Lease revenue	74,000	74,000	63,797	(10,203)
Investment earnings	30,000	30,000	172,300	142,300
Interest and fiscal charges	-	-	4,661	4,661
Miscellaneous	5,000	5,000	11,941	6,941
Total Revenues	4,039,396	4,039,396	4,283,901	244,505
Expenditures				
Current				
General government				
Legislative	196,098	196,098	293,099	(97,001)
Executive	233,981	233,981	224,373	9,608
Election	1,000	1,000	2,004	(1,004)
General administration	228,764	228,764	317,338	(88,574)
Tax administration & licensing	-	-	30,221	(30,221)
Judicial	189,462	189,462	224,486	(35,024)
Public safety				
Police	1,367,297	1,367,297	1,398,851	(31,554)
Fire	24,800	24,800	25,588	(788)
Public works				
Street	2,227,182	2,227,182	1,107,673	1,119,509
Culture and recreation	498,546	498,546	484,375	14,171
Economic development				
Planning and zoning	102,683	102,683	109,891	(7,208)
Tourism	-	-	5,609	(5,609)
Debt Service				
Principal retirement	41,978	41,978	45,218	(3,240)
Interest and fiscal charges	3,230	3,230	3,231	(1)
Total Expenditures	5,115,021	5,115,021	4,271,957	843,064
Excess of Revenues Over Expenditures	(1,075,625)	(1,075,625)	11,944	1,087,569
Other Financing Sources (Uses)				
Transfers in	275,625	275,625	140,513	(135,112)
Transfers out	-	-	(804,949)	(804,949)
Appropriation of fund balance	800,000	800,000	-	(800,000)
Total Other Financing Sources (Uses)	1,075,625	1,075,625	(664,436)	(1,740,061)
Net Change in Fund Balances	$ -	$ -	(652,492)	$ (652,492)
Fund Balances Beginning of Year			3,824,582	
Fund Balances End of Year			$ 3,172,090	

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, 2024

	Original Budget	Final Budget	Actual	Variance With Budget
Revenues				
Hotel/motel taxes	$ 735,000	$ 735,000	$ 880,442	$ 145,442
Charges for services	-	-	600	600
Total Revenues	735,000	735,000	881,042	146,042
Expenditures				
Current				
Housing and economic development	939,375	939,375	431,980	507,395
Excess of Revenues Over Expenditures	(204,375)	(204,375)	449,062	653,437
Other Financing Sources (Uses)				
(Additions to) Use of fund balance	480,000	480,000	-	(480,000)
Transfers out	(275,625)	(275,625)	(137,813)	137,812
Total Other Financing Sources (Uses)	204,375	204,375	(137,813)	(342,188)
Net Change in Fund Balances	$ -	$ -	311,249	$ 311,249
Fund Balances Beginning of Year			1,048,577	
Fund Balances End of Year			$ 1,359,826	

See accompanying notes to the basic financial statements.

City of Blue Ridge, Georgia
Statement of Fund Net Position
Proprietary Fund
December 31, 2024

	Water & Sewer Fund
Assets	
Current Assets	
Cash	$ 1,485,905
Pooled operating cash	3,710,464
Receivables (net)	
Accounts	492,021
Inventory	81,127
Prepaid items	90,474
Restricted assets	
Cash	524,542
Total Current Assets	6,384,533
Noncurrent Assets	
Restricted assets	
Cash and cash equivalents	369,241
Right-to-use leased assets (net)	16,198
Capital assets	
Nondepreciable	8,473,637
Depreciable, net	21,317,712
Total Noncurrent Assets	30,176,788
Total Assets	36,561,321
Deferred Outflows of Resources	
Pension related	167,118
Total Assets and Deferred Outflows of Resources	36,728,439
Liabilities	
Current Liabilities	
Accounts payable	3,151,032
Accrued payroll liabilities	38,128
Accrued expenses	33,094
Intergovernmental payable	
Accrued interest	159,276
Compensated absences payable	87,548
Leases and subscriptions payable	6,169
Notes payable	295,208
Retainage payable	327,422
Revenue bonds payable	209,090
Payable from Restricted Assets:	
Customer deposits	524,542
Total Current Liabilities	4,831,509
Long-Term Liabilities	
Net pension liability	341,026
Leases and subscriptions payable (net of current portion)	11,272
Notes payable (net of current portion)	6,467,566
Revenue bonds payable (net of current portion)	11,537,994
General obligation bonds	1,496
Total Long-Term Liabilities	18,359,354
Total Liabilities	23,190,863
Deferred Inflows of Resources	
Pension related	33,910
Total Liabilities and Deferred Inflows of Resources	23,224,773
Net Position	
Net investment in capital assets	8,216,120
Restricted for debt service	369,241
Unrestricted	4,918,305
Total Net Position	$ 13,503,666

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, 2024

	Water & Sewer Fund
Operating Revenues	
Charges for services	
Water revenues	$ 3,049,014
Sewer revenues	1,411,561
Service charges	32,615
Tap fees	91,172
Connection fees	26,895
Penalties	42,151
Miscellaneous	1,105
Total Operating Revenues	4,654,513
Operating Expenses	
Water department	
Personnel services	1,069,748
Contractual services	439,559
Supplies	709,844
Sewer department	
Personnel services	594,312
Contractual services	345,015
Supplies	485,003
Total Operating Expenses	3,643,481
Operating Income before Depreciation	1,011,032
Depreciation	895,847
Amortization	6,053
Operating Income	109,132
Non-Operating Revenues (Expenses)	
Principal forgiveness	344,856
Surcharge revenue	161,500
Interest income	47,170
Interest on leases and subscriptions	(596)
Interest on revenue bonds	(314,565)
Interest notes payable	(51,212)
Total Non-Operating Revenues	187,153
Change in Net Position	296,285
Net Position Beginning of Year	13,238,872
Change in Accounting Principle	(31,491)
Net Position End of Year	$ 13,503,666

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, 2024

		Water & Sewer Fund
Cash Flows from Operating Activities		
Cash received from customers	$	4,686,645
Cash payments for personal services		(1,626,580)
Cash payments for goods and services		(1,667,196)
Other cash receipts		1,105
Net Cash Provided by (Used in) Operating Activities		1,393,974
Cash Flows from Capital and Related Financing Activities		
Proceeds from surcharge fees		161,500
Principal paid on revenue bonds		(225,000)
Interest paid on revenue bonds		(335,000)
Principal paid on leases		(5,874)
Interest paid on leases and subscriptions		(596)
Proceeds from notes		4,788,112
Principal paid on notes		(63,458)
Interest paid on notes		(29,122)
Payments for capital acquisitions and construction		(3,925,109)
Net Cash Provided by (Used in) Capital and Related Financing Activities		365,453
Cash Flows from Investing Activities		
Interest earned		47,170
Net Cash Provided by (Used in) Investing Activities		47,170
Net Increase (Decrease) in Cash		1,806,597
Cash Beginning of Year		4,283,555
Cash End of Year	$	6,090,152
Reconciliation of total cash:		
Cash	$	1,485,905
Pooled operating cash		3,710,464
Current restricted assets-cash		524,542
Noncurrent restricted assets- cash		369,241
Total cash	$	6,090,152

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, 2024

		Water & Sewer Fund
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating Income	$	109,132
Adjustments		
Depreciation		895,847
Amortization		6,053
(Increase) Decrease in Assets		
Accounts receivable		11,613
Inventories		(9,287)
Prepaid expenses		(1,789)
Deferred outflows of resources- pension related		61,956
Increase (Decrease) in Liabilities		
Accounts payable		326,986
Accrued payroll liabilities		9,526
Accrued expenses		(3,685)
Deposits payable		21,624
Compensated absences		21,288
Net pension liability		(81,958)
Deferred inflow of resources- pension related		26,668
Net Cash Provided by (Used in) Operating Activities	$	1,393,974
Noncash Capital and Related Financing Activities		
Georgia Environmental Finance Authority loan forgiveness for Drinking Water State Revolving Loan Funds	$	344,856

CITY OF BLUE RIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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.

Debt Service Funds account for and report financial resources that are restricted, committed, or assigned to pay principal and interest on general long-term debt.

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

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The City's financial statements include the accounts of all operations. The criteria for including organizations within the City's reporting entity, as set forth in Governmental Accounting Standards Board's Statement No. 14 (GASB 14), "The Financial Reporting Entity", is financial accountability. Financial accountability is defined as appointment of a voting majority of the component

unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. GASB 14 was amended in a later released standard, Governmental Accounting Standards Board's Statement No. 61, which further emphasized and defined the existence of a financial burden or benefit between a primary government and the component unit. As a result of applying the criteria of these two standards, there have been no component units included the financial statements of the City at December 31, 2024.

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, each special revenue fund, and each debt service fund according to Georgia law. A project-length budget is required for capital projects funds. Annual budgets were adopted for all funds in 2024, except the Debt Service Fund. 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 City considers expenditures in excess of appropriations by 10% or greater to be a material violation. See note 18 for noncompliance relating to material overages of budgeted appropriations.

F. New Accounting Pronouncements

In June 2022 GASB issued Statement No. 100, Accounting Changes and Error Corrections, with an effective date for fiscal year beginning after June 15, 2023. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

In June 2022, the Government Accounting Standards Board issued Statement No. 101, Compensated Absences, with an effective date for fiscal years beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, the City considered relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Certain types of compensated absences—including parental leave, military leave, and jury duty leave—are not recognized until the leave commences.

The Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also are not included in the measurement of the liabilities.

G. Change in Accounting Principle

During the year ended December 31, 2024, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This statement establishes accounting and financial reporting guidance for compensated absences, including vacation and sick leave. As part of the implementation, the City recorded the accrued unused sick leave balance as of January 1, 2024 (the beginning of the fiscal year), as a restatement of beginning net position in the Statement of Net Position. See note 17 for the effect on net position and fund net position for each reporting unit.

H. 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 prior year tax levy. The allowance for property taxes at December 31, 2024 is $20,786.

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, 2024 is $25,650.

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 2024 is $278,070. 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, 2024.

I. 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.

J. 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

K. 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. A liability is shown for accrued compensated

absences at year end based on the sick leave that has been earned but not yet paid or settled. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond issuance costs are reported as debt service expenditures in governmental funds or a non-operating expense in proprietary funds.

M. 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.

N. Prepaids

Payments made to vendors for services that will benefit periods beyond December 31, 2024, 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.

O. 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, 2024.

P. Operating and Non-operating Income

The City defines non-operating income as capital grant revenue, surcharges, 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.

Q. 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, 2024.

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.

R. 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.

S. 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.

T. 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, 2024 the bank balance of all deposits was $12,190,905 and the carrying amount was $11,751,828. 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, 2024, 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 $11,940,905. 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 $454,513.

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 Components of Equity

Assets totaling $369,241 in the Water and Sewerage System Fund are restricted for debt service related to 2021 bond issue. Restricted cash also includes $524,542 for customer deposits. Total restricted assets equal $893,783.

Restricted net position for business-type activities includes $369,241 for debt service. Restricted net position for governmental activities includes $5,531 from the Confiscated Assets fund for public safety and $232,869 from the Hotel/Motel fund for economic development.

At December 31, 2024, the SPLOST Capital Projects Fund reported a deficit fund balance of $429,046. The deficit resulted from expenditures incurred for voter-approved capital projects in advance of the receipt or recognition of sufficient Special Purpose Local Option Sales Tax (SPLOST) revenues. The deficit is expected to be eliminated through future collections of SPLOST revenues that are legally restricted for the approved capital projects. Management believes that anticipated future SPLOST collections will be sufficient to fund the remaining project costs and eliminate the deficit fund balance.

4. Capital Assets

Changes in capital assets by major classes for 2024 are as follows:

Governmental Activities:	Balance 12/31/2023	Additions	Deductions	Balance 12/31/2024
Nondepreciable capital assets				
Land	$ 220,065	$ -	$ -	$ 220,065

Construction in progress	2,497,643	6,449,720	4,935,733	4,011,630
Total nondepreciable capital assets	2,717,708	6,449,720	4,935,733	4,231,695
Depreciable capital assets				
Buildings	1,588,841	22,744	-	1,611,585
Machinery and equipment	1,908,939	418,528	-	2,327,467
Site improvements	944,276	3,409,867	-	4,354,143
Infrastructure	4,970,009	1,409,791	-	6,379,800
Total depreciable assets	9,412,065	5,260,930	-	14,672,995
Total capital assets	12,129,773	11,710,650	4,935,733	18,904,690
Accumulated depreciation				
Buildings	761,423	53,169	-	814,592
Machinery and equipment	1,438,032	168,475	-	1,606,507
Site improvements	640,193	135,679	-	775,872
Infrastructure	1,218,906	188,320	-	1,407,226
Total accumulated depreciation	4,058,554	545,643	-	4,604,197
Governmental activities – capital assets, net excluding lease assets	$8,071,219	$11,165,007	$4,935,733	14,300,493
Lease and subscription assets, net (Note 5)				7,264
Total Governmental activities capital assets, net as report in the statement of net position				$14,307,757

Governmental activities depreciation expense is as follows:	
General government	$ 47,376
Public safety	63,227
Public works	264,685
Culture and recreation	137,025
Housing and development	33,330
	$ 545,643

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:	Balance 12/31/2023	Additions	Deductions	Balance 12/31/2024
Nondepreciable capital assets				
Land	$ 794,796	$ -	$ -	$ 794,796
Intangible assets	34,896	-	-	34,896
Construction in progress	1,020,306	6,806,801	183,162	7,643,945
Total nondepreciable capital assets	1,849,998	6,806,801	183,162	8,473,637
Depreciable capital assets				
Infrastructure and pipelines	16,254,280	264,354	-	16,518,634
Buildings and improvements	15,804,964	-	-	15,804,964
Machinery and equipment	1,102,315	-	-	1,102,315
Total depreciable assets	33,161,559	264,354	-	33,425,913
Total capital assets	35,011,557	7,071,155	183,162	41,899,550
Accumulated depreciation				
Infrastructure and pipelines	5,213,868	401,408	-	5,615,276
Buildings and improvements	5,220,111	397,002	-	5,617,113

Machinery and equipment	778,375	97,437	-	875,812
Total accumulated depreciation	11,212,354	895,847	-	12,108,201
Business-Type activities – capital assets, net excluding lease assets	$23,799,203	$6,175,308	$ 183,162	29,791,349
Lease and subscription assets, net (Note 5)				16,198
Total Business-Type activities capital assets, net as report in the statement of net position				$29,807,547

5. Intangible Right to Use Leases

A summary of leased asset and subscription asset activity during the year ended December 31, 2024 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	14,428	-	-	14,428
Less accumulated amortization:				
Equipment	2,616	1,308	-	3,924
Software	1,473	1,767	-	3,240
Total accumulated amortization	4,089	3,075	-	7,164
Total lease and subscription assets, net	$ 10,339	$ (3,075)	$ -	$ 7,264

Amortization expense was charged to functions as follows:

Governmental Activities:	
General government	$ 1,479
Judicial	70
Public safety	565
Public works	433
Culture and recreation	488
Housing and development	40
	$ 3,075

	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	28,822	-	-	28,822
Less accumulated amortization:				
Equipment	2,616	1,308	-	3,924
Software	3,955	4,745	-	8,700
Total accumulated amortization	6,571	6,053	-	12,624
Total lease and subscription assets, net	$ 22,251	$ (6,053)	$ -	$ 16,198

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 $63,797. Deferred inflows and rents receivable in relation to these lease agreements total $163,067 and $172,841, respectively, as of December 31, 2024.

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 $3,924.

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Lease liabilities	$ 3,289	$ -	$ 1,309	$ 1,980	$ 1,318

The future lease payments under lease agreements are as follows:

	Leases		
	Principal	Interest	Total
2025	$ 1,318	$ 8	$ 1,326
2026	662	1	663
Total	$ 1,980	$ 9	$ 1,989

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 $3,240.

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Subscription liabilities	$ 7,458	$ -	$ 1,700	$ 5,758	$ 1,806

The future payments under subscription agreements are as follows:

	Subscriptions		
	Principal	Interest	Total
2025	$ 1,806	$ 166	$ 1,972
2026	1,918	114	2,032
2027	2,034	59	2,093
Total	$ 5,758	$ 339	$ 6,097

Interest expense related to lease and subscription liabilities in the amount of $233 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 $3,924.

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Lease liabilities	$ 3,289	$ -	$ 1,309	$ 1,980	$ 1,318

The future lease payments under lease agreements are as follows:

	Leases		
	Principal	Interest	Total
2025	$ 1,318	$ 8	$ 1,326
2026	662	1	663
Total	$ 1,980	$ 9	$ 1,989

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 $8,700.

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Subscription liabilities	$ 20,026	$ -	$ 4,565	$ 15,461	$ 4,851

The future payments under subscription agreements are as follows:

	Subscriptions		
	Principal	Interest	Total
2025	$ 4,851	$ 446	$ 5,297
2026	5,149	306	5,455
2027	5,461	157	5,618
Total	$ 15,461	$ 909	$ 16,370

Interest expense related to lease and subscription liabilities in the amount of $596 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 $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
2025	$ 7,549	$ 241	$ 7,790
Total	$ 7,549	$ 241	$ 7,790

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
2025	$ 20,470	$ 1,241	$ 21,711
2026	21,082	629	21,711
Total	$ 41,552	$ 1,870	$ 43,422

The City has obtained the following notes payable for governmental activities:

The City was awarded funding from a loan issued by the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) for storm system improvements in the amount of $1,119,927. The interest rate for the note is 2.78%, and the note is not yet in repayment.

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
2025	$ 231,001	$ 34,229	$ 265,230
2026	118,732	13,883	132,615
2027	120,941	11,674	132,615
2028	123,191	9,424	132,615

2029	125,482	7,133	132,615
2030-2031	258,011	7,219	265,230
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
2025	$ 4,262	$ 700	$ 4,962
2026	4,427	535	4,962
2027	4,599	363	4,962
2028	4,771	192	4,963
Total	$ 18,059	$ 1,790	$ 19,849

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
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	6,354	664	7,018
2030-2034	32,828	2,260	35,088
2035-2038	24,651	497	25,148
Total	$ 88,567	$ 6,759	$ 95,326

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
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	9,393	900	10,293
2030-2034	48,237	3,229	51,466
2035-2039	47,857	1,037	48,894
Total	$ 142,232	$ 9,593	$ 151,825

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
2025	$ 12,844	$ 2,769	$ 15,613
2026	13,006	2,607	15,613
2027	13,170	2,443	15,613
2028	13,335	2,278	15,613
2029	13,503	2,110	15,613
2030-2034	70,103	7,963	78,066
2035-2039	74,622	3,444	78,066
2040-2041	16,791	123	16,914
Total	$ 227,374	$ 23,737	$ 251,111

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
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	33,111	3,744	36,855
2030-2034	170,047	14,229	184,276
2035-2039	177,782	6,494	184,276
2040-2041	54,897	388	55,285
Total	$ 565,375	$ 42,737	$ 608,112

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 completed at the end of the year; therefore, there is a balance not yet in repayment of $2,041,248. The revised projected cost is $5,500,000, at interest rate of 2.34%. This loan is subject to $750,000 principal loan forgiveness, of which $389,779 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 completed at the end of the year; therefore, there is a balance not yet in repayment of $2,688,805. The total projected cost of the project is $3,500,000, at interest rate of 0.24%.

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance the construction of water pump station. The project was not completed at the end of the year; therefore, there is a balance not yet in repayment of $5,000. The total projected cost of the project is $350,000, at interest rate of 1.71%.

A loan from the State Revolving Loan Funds through Georgia Environmental Facility Agency (GEFA) to finance the construction of water infrastructure. The project was not completed at the end of the year; therefore, there is a balance not yet in repayment of $8,756. The total projected cost of the project is $600,000, at interest rate of 1.50%.

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
2025	$ 235,000	$ 326,000	$ 561,000
2026	245,000	316,600	561,600
2027	255,000	306,800	561,800
2028	265,000	296,600	561,600
2029	275,000	286,000	561,000
2030-2034	1,555,000	1,255,600	2,810,600
2035-2039	1,785,000	920,000	2,705,000
2040-2044	1,900,000	603,900	2,503,900
2045-2049	2,105,000	395,475	2,500,475
2053-2054	2,335,000	158,625	2,493,625
Total	$10,955,000	$ 4,865,600	$15,820,600

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, 2023	Reductions	Premium on Bond Issuance, Net	Revenue Bonds Outstanding, Net, December 31, 2024	Amounts Due in One Year, Net	Noncurrent Revenue Bonds, Net
2021	$ 11,180,000	$ 225,000	$ 792,084	$ 11,747,084	$ 209,090	$ 11,537,994
G.O.	1,496	-	-	1,496	-	1,496
	$ 11,181,496	$ 225,000	$ 792,084	$ 11,748,580	$ 209,090	$ 11,539,490

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, 2024 was $792,084.

Changes in long-term debt:

	Restated* Beginning Balance 12/31/2023	Additions	Reductions	Ending Balance 12/31/2024	Due Within One Year
Governmental activities					
Financed purchases	$ 91,311	$ -	$ 42,210	$ 49,101	$ 28,019
Lease and subscription	10,747	-	3,009	7,738	3,124
Notes payable	-	1,119,927	-	1,119,927	-
Compensated absences	88,686	119,962	99,076	109,572	109,572
Net pension liability	566,646	-	69,772	496,874	-
	$ 757,390	$ 1,239,889	$ 214,067	$ 1,783,212	$ 140,715
Business-type activities					
Revenue bonds, with premium	$11,997,994	$ -	$ 250,910	$11,747,084	$ 209,090
Financed purchases	977,358	-	-	977,358	231,001
Lease and subscription	23,315	-	5,874	17,441	6,169
Notes payable	1,405,618	4,788,112	408,314	5,785,416	64,207
General obligation bond	1,496	-	-	1,496	-
Compensated absences	66,260	103,133	81,845	87,548	87,548
Net pension liability	422,984	-	81,958	341,026	-
	$ 14,895,025	$ 4,891,245	$ 828,901	$18,957,369	$ 598,015

**Beginning balance of compensated absences has been restated. See note 17.*

Compensated absences are typically liquidated by the general fund. Total interest expense for all activities included in the Statement of Activities for 2024 was $9,694 for governmental activities and $366,373 for business type activities.

8. Interfund Balances

The following interfund balances are shown at December 31, 2024. All balances are expected to be repaid during the subsequent calendar year.

Interfund Payable	Interfund Receivable	Amount	Purpose
SPLOST Fund	General Fund	$ 2,129,004	Reimbursement of compliant public works project costs
ARPA Fund	General Fund	3,660	Transfer of interest earned to General Fund
		$ 2,132,664	

See note 19 for state noncompliance related to the interfund balance between SPLOST Fund and General Fund.

Transfers

A transfer occurred from General Fund to a nonmajor fund in the amount of $4,949 for the purpose of interest payments on debt. Unrestricted tax collections totaling $137,813 were transferred from the Hotel Motel Fund to the General Fund for general use. The General Fund supplemented an infrastructure project in the amount of $800,000, which resulted in a transfer from the General Fund to the SPLOST Fund.

9. Property Taxes

The City of Blue Ridge's property tax calendar for the 2023 levy applicable to fiscal year 2024 was as follows:

Lien date	January 1, 2023
Levy date	November 6, 2023
Due date	January 5, 2024
Delinquent date	January 6, 2024

The total 2023 levy was $780,802. 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.

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, 2024, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not receiving benefits	6
Active plan members	42
	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, 2024, the City's contribution rate was 8.26% 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, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024, with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2024.

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

Inflation	2.25%
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, 2024 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 2024 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, 2024 are summarized in the following table:

		Long-term

Asset class	Target allocation	expected real rate of return
Domestic equity	45%	6.91%
International equity	20%	7.21%
Domestic fixed income	20%	1.61%
Real estate	10%	3.61%
Global fixed income	5%	1.67%
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, 2024, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at March 31, 2023	$ 3,187,889	$ 2,198,259	$ 989,630
Changes for the year			
Service cost	77,428	-	77,428
Interest	234,728	-	234,728
Differences between expected and actual experience	48,615	-	48,615
Contributions – employer	-	150,601	(150,601)
Contributions – employee	-	-	-
Net investment income	-	367,042	(367,042)
Benefit payments, including refunds of employee contributions	(165,127)	(165,127)	-
Administrative expense	-	(5,142)	5,142
Other	-	-	-
Net changes	195,644	347,374	(151,730)
Balances at March 31, 2024	$ 3,383,533	$ 2,545,633	$ 837,900

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	$ 1,296,827	$ 837,900	$ 454,944

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, 2024 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, 2024, the City recognized pension expense of $219,567. At December 31, 2024, 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	$ 275,921	$ -
Changes in assumptions	-	(11,296)
Net difference between projected and actual earnings on pension plan investments	-	(72,020)
City contributions subsequent to the measurement date	134,687	-
Total	$ 410,608	$ (83,316)

City contributions subsequent to the measurement date of $134,687 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2025	$ 4,859
2026	105,146
2027	73,590
2028	907
2029	8,103
Total	$ 192,605

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

The City executed four promissory notes with Georgia Environmental Finance Authority for infrastructure projects for which projects are under construction at the end of 2024, and all loan proceeds are not yet drawn. There is a potential loan forgiveness grant remaining of $389,779. This results in $5,206,191 of contingent liabilities that will likely enter repayment status in 2026 and 2027.

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, 2024 the City paid $1,233 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 2024. 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	$832,981
Restricted Revenue Collected	$520,613
Hotel Tax Expenditures	$431,980
Percentage Expended	51.86%

16. Subsequent Events

The City has evaluated subsequent events through June 26, 2026, the dates on which the financial statements were available to be issued. There were no items noted that required modification to the financial statements nor disclosure in the notes to the financial statements.

17. Adjustments to and Restatements of Net Position

The adoption of GASB 101 resulted in adjustments to and restatements of beginning net position, as follows:

	Governmental Activities	Business-Type Activities
Net position as of December 31, 2023, as previously reported	$ 14,619,084	$ 13,238,872
Adoption of GASB 101, compensated absences	(55,026)	(31,491)
Net position as of December 31, 2023, as restated	$ 14,564,058	$13,207,381

These changes were applicable to the government wide statements and are reflected as a net adjustment of beginning net position on the statement of activities on page 4. For Business-Type Activities, the adoption of GASB 101 also resulted in the restatement of Fund Net Position in the amount of $31,491 on page 12.

18. Material Violations of Finance-Related Legal Provisions

The following details material violations of finance-related provisions noted for calendar 2024:

OCGA 48-8-121 requires that tax collections from the special local option sales tax not be commingled with general operating monies. $70,583 in SPLOST collections was deposited into the general operating account during 2024.

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 $275,844 in restricted monies that have not been utilized timely.

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.

In 2024, expenditures materially exceed appropriations in General Fund as follows. The City's policy stipulates that expenditures exceeding budgeted appropriations by 10% or greater are considered material. Overall, total budgeted appropriations exceeded expenditures by $1,087,569.

Department	General Fund	SPLOST Fund	Nonmajor Funds
Legislative	$ 97,001	$ -	$ -
Election	1,004	-	-
Financial Administration	88,574	483	-
Tax Administration and Licensing	30,221	-	-
Judicial	35,024	-	-
Public Works	-	3,119,851	-
Tourism	5,609	-	-
Other financing uses	804,949	-	2,700
Debt service	-	-	4,949
	$ 1,062,382	$ 3,120,334	$ 7,649

OCGA 36-81-3(b) requires an annual balanced budget for each debt service fund. In 2024, there were no budgeted amounts established for the Debt Service Fund.

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, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 77,428	$ 62,590	$ 55,785	$ 49,454	$ 58,484	$ 38,531	$ 36,825	$ 34,210	$ 30,964	$ 27,195
Interest	234,728	210,306	198,882	178,044	171,236	152,931	141,255	136,385	117,879	111,985
Difference between expected and actual experience	48,615	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	(165,127)	(155,250)	(138,588)	(87,606)	(79,471)	(79,472)	(78,184)	(76,751)	(66,665)	(48,927)
Net change in total pension liability	195,644	321,242	156,436	301,703	144,105	224,113	178,547	63,562	243,832	84,924
Total pension liability- beginning	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	1,469,425
Total pension liability- ending (a)	$ 3,383,533	$ 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	$ 150,601	$ 155,947	$ 119,500	$ 129,290	$ 108,656	$ 89,705	$ 83,602	$ 68,650	$ 66,370	$ 77,207
Contributions- employee	-	-	-	-	-	-	-	-	-	-
Net investment income	367,042	(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	(165,127)	(155,250)	(138,588)	(87,606)	(79,471)	(79,472)	(78,184)	(76,751)	(66,665)	(48,927)
Administrative expense	(5,142)	(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	347,374	(161,064)	111,829	731,201	(92,697)	61,206	171,607	140,937	132	132,880
Plan fiduciary net position- beginning	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	1,102,228
Plan fiduciary net position- ending (b)	$ 2,545,633	$ 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)	$ 837,900	$ 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	75.24%	68.96%	82.30%	82.93%	62.96%	71.06%	75.86%	73.92%	68.69%	79.46%
Covered employee payroll	$ 2,329,393	$ 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	35.97%	46.41%	26.87%	28.53%	57.70%	42.38%	41.84%	41.06%	47.79%	30.31%

City of Blue Ridge, Georgia
Required Supplementary Information
Georgia Municipal Association Defined Benefit Plan
Schedule of Contributions
For the year ended December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ - *	$ 140,940	$ 144,854	$ 125,543	$ 130,539	$ 101,361	$ 85,820	$ 82,863	$ 63,913	$ 67,189
Contributions in relation to the actuarially determined contribution	- *	140,940 **	144,854	126,743	130,539	101,361	85,820	82,863	63,913	67,189
Contribution deficiency (excess	$ - *	$ -	$ -	$ (1,200)	$ -	$ -	$ -	$ -	$ -	$ -
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
Contributions as a percentage of covered employee payroll	0.00%	6.61%	7.67%	7.81%	8.44%	6.55%	7.29%	7.01%	5.43%	6.38%

*2024 information will be determined after fiscal year end and will be included in the 2025 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.
***2023 covered payroll is based on data collected as of March 31, 2023 for the 2023 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, 2024, 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, 2025.

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, 2024

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Confiscated Assets	ARPA	Debt Service Fund	
Assets				
Cash	$ 5,531	$ 420,735	$ -	$ 426,266
Total Assets	$ 5,531	$ 420,735	$ -	$ 426,266
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Interfund payable	$ -	$ 3,660	$ -	$ 3,660
Unearned revenue	-	417,075	-	417,075
Total Liabilities	-	420,735	-	420,735
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	$ 420,735	$ -	$ 426,266

City of Blue Ridge, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2024

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Confiscated Assets	ARPA	Debt Service Fund	
Revenues				
Fines and forfeitures	$ 2,700	$ -	$ -	$ 2,700
Total Revenues	2,700	-	-	2,700
Expenditures				
Debt Service				
Interest and fiscal charges	-	-	4,949	4,949
Total Expenditures	-	-	4,949	4,949
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,700	-	(4,949)	(2,249)
Other Financing Sources (Uses)				
Transfers out	(2,700)	-	-	(2,700)
Transfers in	-	-	4,949	4,949
Total Other Financing Sources (Uses)	(2,700)	-	4,949	2,249
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning of Year	5,531	-	-	5,531
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, 2024

	Original Budget	Final Budget	Actual	Variance With Budget
Revenues				
Confiscations	$ 1,500	$ 1,500	$ 2,700	$ 1,200
Total Revenues	1,500	1,500	2,700	1,200
Expenditures				
Current				
Public safety	1,500	1,500	-	1,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	2,700	2,700
Other Financing Sources (Uses)				
Transfers out	-	-	(2,700)	(2,700)
Net Change in Fund Balances	$ -	$ -	-	$ -
Fund Balances Beginning of Year			5,531	
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, 2024

	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	-	-	-	-
Use of fund balance	-	-	-	-
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
Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances- Budget and Actual
For the year ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance With Budget
Revenues				
Total Revenues	$ -	$ -	$ -	$ -
Expenditures				
Debt Service				
Interest and fiscal charges	-	-	4,949	(4,949)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(4,949)	(4,949)
Other Financing Sources (Uses)				
Transfers in	-	-	4,949	4,949
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, 2024

	Original Budget	Final Budget	Actual	Variance With Budget
Revenues				
Intergovernmental	$ 700,000	$ 700,000	$ 800,613	$ 100,613
Investment earnings	-	-	36,738	36,738
Restitution	-	-	3,200	3,200
Total Revenues	700,000	700,000	840,551	140,551
Expenditures				
General government	-	-	483	(483)
Capital Outlay				
Public works	1,800,000	1,800,000	4,919,851	(3,119,851)
Total Expenditures	1,800,000	1,800,000	4,920,334	(3,120,334)
Excess of Revenues Over Expenditures	(1,100,000)	(1,100,000)	(4,079,783)	(2,979,783)
Other Financing Sources (Uses)				
Use of fund balance	1,520,000	1,520,000	-	(1,520,000)
Proceeds from issuance of loan	-	-	1,119,927	1,119,927
Transfers out	(420,000)	(420,000)	-	420,000
Transfers in	-	-	800,000	800,000
Total Other Financing Sources (Uses)	1,100,000	1,100,000	1,919,927	819,927
Net Change in Fund Balances	$ -	$ -	(2,159,856)	$ (2,159,856)
Fund Balances Beginning of Year			1,730,810	
Fund Balance (Deficit) End of Year			$ (429,046)	

City of Blue Ridge, Georgia
Schedule for Projects Constructed with
Special Purpose Local Option Sales Tax
For the year ended December 31, 2024

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	$ 2,408,779	$ 4,490,805	$ 6,899,584	469%
Water or Sewer, capital outlay purposes	420,000	420,000	-	-	-	0%
Building Improvements and infrastructure, capital outlay purposes	210,000	210,000	39,102	-	39,102	19%
	2,100,000	2,100,000	2,447,881	4,490,805	6,938,686	
2023 SPLOST						
Maintenance, repair, and construction of roads, streets, bridges and sidewalks	3,001,600	3,001,600	-	429,046	429,046	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	-	429,046	429,046	
	$ 6,300,000	$ 6,300,000	$ 2,447,881	$ 4,919,851	$ 7,367,732	

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

Note B: Current year expenditures include $3,200 of restitution. This inflow of resources is included in expenditures in the SPLOST statements on page 7. Additionally, costs presented above include $483 that do not meet the requirement for capitalization according to the City's policies and practices.

City of Blue Ridge, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Grantor Pass-Throught Grantor Program Title	Assistance Listing Number	Grant/Loan Identification Number	Program or Award Amount	Federal Expenditures
U.S. Environmental Protection Agency				
Georgia Environmental Protection Agency/ Georgia Environmental Finance Authority				
Grant for Clean Water State Revolving Loan Fund	66.458	CW2020018-L	$ 5,500,000	$ 3,513,976
Grant for Clean Water State Revolving Loan Fund	66.458	CW2021037-L	$ 3,500,000	3,185,584
Subtotal				6,699,560
Grant for Drinking Water State Revolving Loan Fund	66.468	DW2023031-L	$ 350,000	3,503
Loan for Drinking Water State Revolving Loan Fund	66.468	DW2023032-L	$ 600,000	14,000
Subtotal				17,503
Total U.S. Environmental Protection Agency				$ 6,717,063

NOTE A: Basis of Presentation

The above schedule of expenditures of federal awards (the Schedule) includes the federal loan activity of the City of Blue Ridge, Georgia, under programs of the federal government for the fiscal year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Blue Ridge, Georgia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Blue Ridge, Georgia.

NOTE B: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C: Outstanding Loans

The federal program Georgia Environmental Finance Authority is funded partially by loans. The outstanding balance of federal loan funds for this program at December 31, 2024 was $4,743,809.

NOTE D: Indirect Cost Rate

The City of Blue Ridge, Georgia elected not to use the 10% de minimis indirect cost rate.

CITY OF BLUE RIDGE, GEORGIA

INTERNAL CONTROL AND COMPLIANCE SECTION

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
PH (706) 515-2000 FAX (706)515-2011

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, each major fund, and the aggregate remaining fund information of City of Blue Ridge, Georgia, as of and for the year ended December 31, 2024, 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 June 26, 2026.

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 questioned costs as items 2024-001 through 2024-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-004 to be a significant deficiency.

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 questioned costs as items 2024-005 through 2024-010.

We have communicated other findings to management in a separately issued letter.

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 questioned costs. 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
June 26, 2026

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
PH (706) 515-2000 FAX (706)515-2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Mayor and City Council
City of Blue Ridge, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Blue Ridge, Georgia's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Blue Ridge, Georgia's major federal programs for the year ended December 31, 2024. City of Blue Ridge, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Blue Ridge, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Blue Ridge, Georgia and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Blue Ridge, Georgia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Blue Ridge, Georgia's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Blue Ridge, Georgia's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is

a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Blue Ridge, Georgia's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Blue Ridge, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Blue Ridge, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Blue Ridge, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying schedule of findings and questioned costs as item 2024-012. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-011 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on City of Blue Ridge, Georgia's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City of Blue Ridge, Georgia's response was not subjected to

the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Welch, Walker & Associates, P.C., CPAs
East Ellijay, Georgia
June 26, 2026

City of Blue Ridge, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

Section I - Summary of Auditor's Results

Financial Statements				
Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	x	yes		no
Significant deficiency(ies) identified?	x	yes		none reported
Noncompliance material to the financial statements noted?	x	yes		no
Federal Awards				
Internal control over major programs:				
Material weakness(es) identified?	x	yes		no
Significant deficiency(ies) identified?		yes	x	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	x	yes		no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
66.458	US Environmental Protection Agency pass-through Georgia Environmental Protection Agency/Georgia Environmental Finance Authority/Clean Water State Revolving Fund

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000			
Auditee qualified as low-risk auditee?		yes	x	no

See following page for sections II and III.

Section II – Financial Statement Findings

Material Weaknesses:

2024-001 – 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: 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 will continue working towards a solution to 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 and secondary reviews in order to mitigate the risk of misappropriation of assets.

2024-002 – 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 corrections to cash balances presented, inclusion of omitted or misstated accounts payable balances, transfer of project costs to appropriate funds, capitalization of capital assets, and correction of notes payable balances.

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, 2024 due to inaccurate general ledger balances and omission of certain year-end closing entries. Material entries were proposed to correct the following errors by transaction class in the General Fund: cash understated $339,247, accounts payable understated $209,455, revenues understated $125,105, other financing uses overstated $1,747,664. Material entries proposed to correct the following errors by transaction class in the SPLOST Fund: accounts payable understated $187,997, interfund payable understated $1,743,995, other financing sources understated $1,744,964, expenditures understated $187,997. Material entries proposed to correct the following errors by transaction class in the Water Fund: cash overstated $252,255, capital assets overstated $211,006, accounts payable overstated $352,023, notes payable understated $114,436, expenses understated $247,281.

Recommendation: We recommend that the City review their financial records routinely throughout the year and create a year-end closing entry checklist to ensure that all such 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.

2024-003 – Failure To Reconcile and Manage Cash Activities

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 accurately.

Condition/Context: Bank reconciliations were not performed for the City's bank accounts during calendar year 2024. Transactions were recorded in the incorrect reporting period or were omitted from the general ledger. Transactions recorded were often misclassified. Vendor invoices were duplicated in the accounts payable module. Payments received for licenses were held in city hall by staff for as long as six months before being processed or deposited. Bank reconciliations performed after calendar year included entries to manually balance the ledger despite unresolved discrepancies. Adjusting entries were posted in aggregate rather than at the transactional level.

Cause: Basic general ledger functions such as cash collections and payments to vendors by check were recorded routinely. However, in 2024, there were material omissions of financial information in the general ledger that were not recorded until subsequent calendar years. Nonroutine items and direct bank account drafts or deposits not related to a utility or property tax customer account were most susceptible to omission from the financial information. A large number of transactions related to 2024 bank activity were recorded with an effective date in 2024 but were not posted to the system until 2025 and/or 2026. For example, local option sales tax revenue of $146,445 was received in November 2024 but not recorded in the general ledger until 2026. Returned customer payments for utilities, licenses and property taxes totaling $16,323 were not investigated or recorded by staff as they occurred. Numerous transactions were posted to miscellaneous or bank charges in error rather than following the DCA Uniform Chart of Accounts guidance.

Effect: Overall cash balances for the bank accounts were misstated until reconciliation in 2026. Erroneous forced reconciliation distorts reporting functions, breaks audit trails, masks potential fraud, and hides bookkeeping errors, all of which bypass critical internal control structures. 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 City is at risk, as timely information is not available should any loss or misuse of cash occur. The City is also at risk for loss of revenue collection. For example, management recently made the decision to forego collection of the returned customer payments in 2024 totaling $16,323 due to the significant delay in the discovery of the errors and failure to notify customers in a timely manner. Invoices were at risk for duplicate payment, as was evident by one invoice being paid to the vendor twice in the amount of $29,761. 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 City reconcile all inflows and outflows of cash as stated on the general ledger to the monthly bank statements as well as the third-party online processing services on a regular and consistent basis. Returned customer payments should be researched and resolved within days of notification from the financial institution. A discrepancy between the ledger and the bank statements should be assessed for reasonableness and addressed if differences are not attributable to timing variances. Disaggregation of adjustments should be encouraged where practical.

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 in addition to implementing stronger cash management policies and procedures.

Significant Deficiencies:

2024-004 – 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 sick leave for hours not yet earned. This occurred throughout the calendar year for various employees; however, no employees ended the calendar year with a negative balance as occurred in the prior year.

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. Additionally, it appears there were seven employee profiles for new

employees not properly set up in the software, in that leave hours began accruing before the stated amount of time in the personnel policy. In some instances, existing employees have accrued more sick leave than allowed, which appears to be a software calculation error. Lastly, there was no reconciliation of accrued leave earned and taken throughout the year.

Effect: Employees were paid for sick leave erroneously. Additionally, the accrued sick leave liability presented on the financial statements appears to be slightly overstated by the excess of hours recorded in the payroll software for which employees are not eligible.

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 be 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:

2024-005 – 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 2024, the City deposited $70,583 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 transferred to the appropriate bank account after one month.

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.

2024-006 – 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 2024.

Cause: The City failed to publish the required schedule for expenditures of the Special Local Option Sales Tax Fund for 2024.

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.

2024-007 – 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 is an accumulating balance of monies unused at the end of 2024. Restricted cash reflected in the Hotel Motel Tax Fund includes $275,844 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 includes a provision in future budgets to expend the accumulated and annual expected collection of the tourism product development component of hotel motel tax.

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.

2024-008 – 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: The City managed a stormwater drainage improvement project during 2024. The project budget included financing from a combination of General Fund, SPLOST Fund and a state funded loan. The project invoices were paid primarily from the General Fund, although the project included a significant portion of SPLOST monies. At the end of the year, the SPLOST Fund shows an amount payable to the General Fund for $2,129,004 related to infrastructure project costs that need to be reimbursed.

Cause: The City accounted for the financing of the infrastructure project in the General Fund, supplementing $2,129,004 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. Additionally, invoices incurred in relation to SPLOST activity were paid out of the City's pooled operating checking account instead of the separate SPLOST checking account.

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 proper cash management, budget inclusion, and utilization of SPLOST financing in the future.

2024-009 – Material Violation of Finance-Related Legal Provisions

Criteria: OCGA 36-81-3(b) requires an annual balanced budget to be adopted for general fund, each special revenue fund, each debt service fund, and a project-length budget be adopted for each capital projects fund.

Condition/Context: There were no budgeted appropriations for the Debt Service Fund in fiscal year 2024.

Cause: The Debt Service Fund did not have a legally adopted budget for 2024.

Effect: The omission of budgeted appropriations for this fund caused the City to be in violation of OCGA 36-81-3(b).

Recommendation: It is our recommendation that the City includes a balanced budget for all funds as stipulated in OCGA 36-81-3(b).

Response: The City agrees with this finding and will adopt budgets for all funds in the future.

2024-010 – Material Violation of Finance-Related Legal Provisions

Criteria: OCGA 50-14-1(e)(2) requires that minutes of a city council meeting be adopted no later than the conclusion of the subsequent regularly scheduled meeting.

Condition/Context: The minutes of the City Council meeting held on July 16, 2024 were not approved in the subsequent meeting due to a failed motion.

Cause: The Mayor and City Council failed to adopt minutes for the July 16, 2024 meeting.

Effect: The Mayor and City Council were in violation of the Open Meetings Act by failing to approve minutes of the meeting. Approval of the minutes serves as verification of the true record of the meeting and ensures public transparency.

Recommendation: It is our recommendation that the Mayor and City Council approve minutes of all meetings in the future in order to provide, at a minimum, a historical record of members present, motions made, and detailed records of all votes in order to comply with state law.

Response: The City agrees with this finding and will approve minutes of all meetings in the future.

Section III – Federal Award Findings and Questioned Costs

Material Weakness:

2024-011: Lack of Supervision for Financial Management of Major Program

Criteria: 2 CFR section 200.305 stipulates that the entity receiving the federal funds must ensure that the time elapsing between the transfer of federal funds to the recipient and the disbursement of such funds for program purposes by the recipient is minimized. Additionally, this section requires that the City may not retain interest earned on federal funds deposited into a bank account exceeding $500.

Condition: Staff charged with supervision of the federal program failed to timely remit payment to the vendor. Additionally, failure to timely remit payments resulted in accumulation of interest earned of approximately $7,486, none of which was properly remitted to the appropriate party.

Cause: Lack of internal controls governing the process between approval of loan draws to deposit in City bank account to payment of vendor created two noncompliance items for the major program.

Effect: Vendor invoices related to a federally funded program were not paid timely, and interest was improperly earned and held by the City. Additionally, the commingling of federal loan draws with general operating monies of the City appears to have made it difficult to ascertain whether the vendors had been paid appropriately.

Recommendation: It is recommended that supervisors of federally funded projects receive training on the proper method to manage cash receipts and disbursements before executing a project. Additionally, it is advisable that a policy manual is created specifically for the City's policies and procedures related to managing a federally funded project as part of the training process.

Response: The City agrees with this finding, and a process will be implemented for the creation of a written manual and updated training for staff involved in project management.

Instances of Noncompliance in Major Programs:

2024-012: Environmental Protection Agency, Capitalization Grants for Clean Drinking Water State Revolving Fund, Improper Cash Management (first year finding)

Criteria: 2 CFR section 200.305 stipulates that the entity receiving the federal funds must ensure that the time elapsing between the transfer of federal funds to the recipient and the disbursement of such funds for program purposes by the recipient is minimized. This section also stipulates that interest earned on the deposit of federal funds exceeding $500 may not be retained by the City.

Condition: A draw of federal funds from loan CW2020018-L in the amount of $910,162 was received by the City on October 3, 2024, and was electronically deposited by the state agency into a separate project checking account. On October 15, 2024, the draw was transferred by staff to the City's operating checking account. The draw was held in the City's interest-bearing operating account for four months, until it was remitted to the vendor on February 13, 2025. Additionally, another draw of federal funds from loan CW2020018-L in the amount of $210,382 was received by the City on November 15, 2024, and was electronically deposited by the state agency into a separate project checking account. The funds remained in the project checking account but were paid to the vendor three months later on February 13, 2025.

Cause: Internal controls related to the timely receipt and subsequent payment to a vendor related to a federal project were not effective. This caused a longer than usual time period between receipt of funds and payment to the vendor. Additionally, interest earned on the erroneous deposit of monies in the operating account exceeded $500 for those four months. That interest, while required to be paid to the appropriate party by law, is still held in the operating account of the City.

Effect: Loan funds of $910,162 were commingled with the general operating monies of the City, and 2.46% interest was earned on said funds for four months before being remitted to the vendor. This is estimated to be $7,486 for that time period. Additionally, $1,120,544 of vendor payments were not timely processed.

Recommendation: It is our recommendation that project managers and department supervisors overseeing the projects are trained in proper cash management procedures related to federal funding. Loan proceeds should remain in the segregated noninterest-bearing checking account until expenditure to vendor has been made, at which time it is appropriate to transfer the monies to the account from which the payment is made. Additionally, interest earned on the monies held in the operating account exceeding $500 should be remitted to the appropriate party.

Response: The City agrees with this finding and will train their project manager and/or department supervisor on the requirements of federal programs currently underway as well as require such training before a project commences in the future.