

CITY OF CUMMING, GEORGIA

Annual Financial Report

For the year ended December 31, 2024

This page intentionally left blank.

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

TABLE OF CONTENTS

	PAGE
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15-16
Statement of Activities	17
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	18
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	21
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP) and Actual	22
Proprietary Funds:	
Statement of Net Position	23-24
Statement of Revenues, Expenses, and Changes in Net Position	25
Statement of Cash Flows	26-27
Fiduciary Funds:	
Statement of Fiduciary Net Position	28
Statement of Changes in Fiduciary Net Position	29
Component Units:	
Combining Statement of Net Position	30
Combining Statement of Activities	31
Notes to the Financial Statements	32-73
Required Supplementary Information:	
Schedule of Changes in the Net Pension Liability and Related Ratios	74
Schedule of Pension Contributions	75
Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios	76
Schedule of OPEB Contributions	77
Notes to the Required Supplementary Information	78-80
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	82
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Hotel/Motel Tax Special Revenue Fund	83

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

TABLE OF CONTENTS

	PAGE
OTHER REPORTING SECTION	
Single Audit 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*	84-85
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	86-88
Schedule of Expenditures of Federal Awards	89
Notes to the Schedule of Expenditures of Federal Awards	90
Schedule of Findings and Questioned Costs	91-93
State Reporting Section	
Schedule of Projects Financed with Special Purpose Local Option Sales Tax	94

RUSHTON
ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Cumming, Georgia

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Cumming, Georgia, as of December 31, 2024, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparisons of the General 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 City of Cumming, Georgia and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Cumming, 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 City of Cumming, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 14 and 74 through 80, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Cumming, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the 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 23, 2025, on our consideration of City of Cumming, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Cumming, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Gainesville, Georgia
June 23, 2025

This page intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Cumming management is proud to present this narrative discussion and analysis of the City of Cumming's financial performance, making available an overview of the activities for the year ended December 31, 2024. This report is drafted annually to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Cumming. As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis affords comparisons with the previous fiscal year.

Financial Highlights

- City of Cumming's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2024 by $354,938,832 (*net position*). Of this amount, $33,200,624 is reported as unrestricted net position. This is an increase of $10,401,544 from the previous year for unrestricted. Total net position increased by $18,620,693 from the previous year.

- As of December 31, 2024, City of Cumming's governmental funds reported combined ending fund balances of $13,724,799. Approximately 72% of this total amount, or $9,866,523, is reported as unassigned and available for spending at the City's discretion. Approximately 27%, or $3,768,106, is reported as restricted. Information about the City of Cumming's policy on fund balance can be found in Note 1M in the *Notes to the Financial Statements* beginning on page 42.

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

- ***Discretely Presented Component Units*** – A component unit is a legally separate organization for which the elected officials of the City can be financially accountable. The Development Authority of Cumming Component Unit and the Cumming Police Department Foundation, although legally separate, function for all practical purposes as departments of the City of Cumming and have been included as an integral part of the government.

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

Fund Financial Statements (Reporting the City's Major Funds).
The focus of fund financial statements is directed at specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 80. The City's funds are divided into three broad categories: governmental, proprietary, and fiduciary. They use different prescribed accounting methodologies.

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

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

  The City of Cumming maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, SPLOST Fund and Capital Projects Fund, which are considered major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 81-82 of this report.

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

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

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

  Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Cumming uses an enterprise fund to account for its water and sewer functions and Downtown Development Authority.
  The City's proprietary fund financial statements are presented on pages 23-27 of this report.

- ***Fiduciary Funds*** – When the City holds funds for others, these funds are generally reported in fiduciary funds. The City maintains one type of fiduciary funds: Custodial Funds. These fiduciary funds statements are prepared using the accrual basis of accounting. The City of Cumming uses a custodial fund to account for its Municipal Court.

  The City's fiduciary fund financial statements are presented on pages 28-29 of this report.

Notes to the financial statements.
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-73 of this report.

Required Supplementary Information.
In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's defined benefit pension plan and defined benefit OPEB plan. The required supplementary information can be found on pages 74-80 of this report.

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

This report includes two schedules (pages 19 and 21) which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statements but as deferred inflows of resources on the fund statements.
- Unless due and payable, long-term liabilities, such as leases and subscriptions payable, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the City's Financial Position and Operations

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

City of Cumming
Net Position
December 31, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current	$ 15,085,204	$ 15,492,699	$ 31,392,159	$ 20,018,716	$ 46,477,363	$ 35,511,415
Capital	101,694,708	91,919,586	242,420,610	244,489,976	344,115,318	336,409,562
Other noncurrent	834,290	168,565	8,139,013	8,216,126	8,973,303	8,384,691
Total assets	117,614,202	107,580,850	281,951,782	272,724,818	399,565,984	380,305,668
Deferred outflows of resources	1,241,491	1,583,090	2,896,810	3,652,411	4,138,301	5,235,501
Liabilities:						
Current	1,367,364	684,742	6,890,813	7,765,857	8,258,177	8,450,599
Noncurrent	734,400	1,368,631	28,571,553	28,393,338	29,305,953	29,761,969
Total liabilities	2,101,764	2,053,373	35,462,366	36,159,195	37,564,130	38,212,568
Deferred inflows of resources	973,102	397,933	10,228,221	10,548,827	11,201,323	10,946,760
Net position:						
Net investment in capital assets	101,393,145	91,881,384	213,731,673	217,052,696	315,124,818	308,934,080
Restricted	4,675,956	4,648,681	1,937,434	0	6,613,390	4,648,681
Unrestricted	9,711,726	10,182,569	23,488,898	12,616,511	33,200,624	22,799,080
Total net position	$ 115,780,827	$ 106,712,634	$ 239,158,005	$ 229,669,207	$ 354,938,832	$ 336,381,841

Net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources for the City of Cumming exceeded liabilities and deferred inflows of resources by $354,938,832 at the close of 2024. Approximately 88.8% of the City of Cumming's net position is reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire them. This is a decrease from 91.8% at December 31, 2023. The City uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position comprises 1.9% of total net position. This amount represents resources that are subject to external restrictions or enabling legislation on how they may be used. Unrestricted net position makes up the remaining 9.3%.

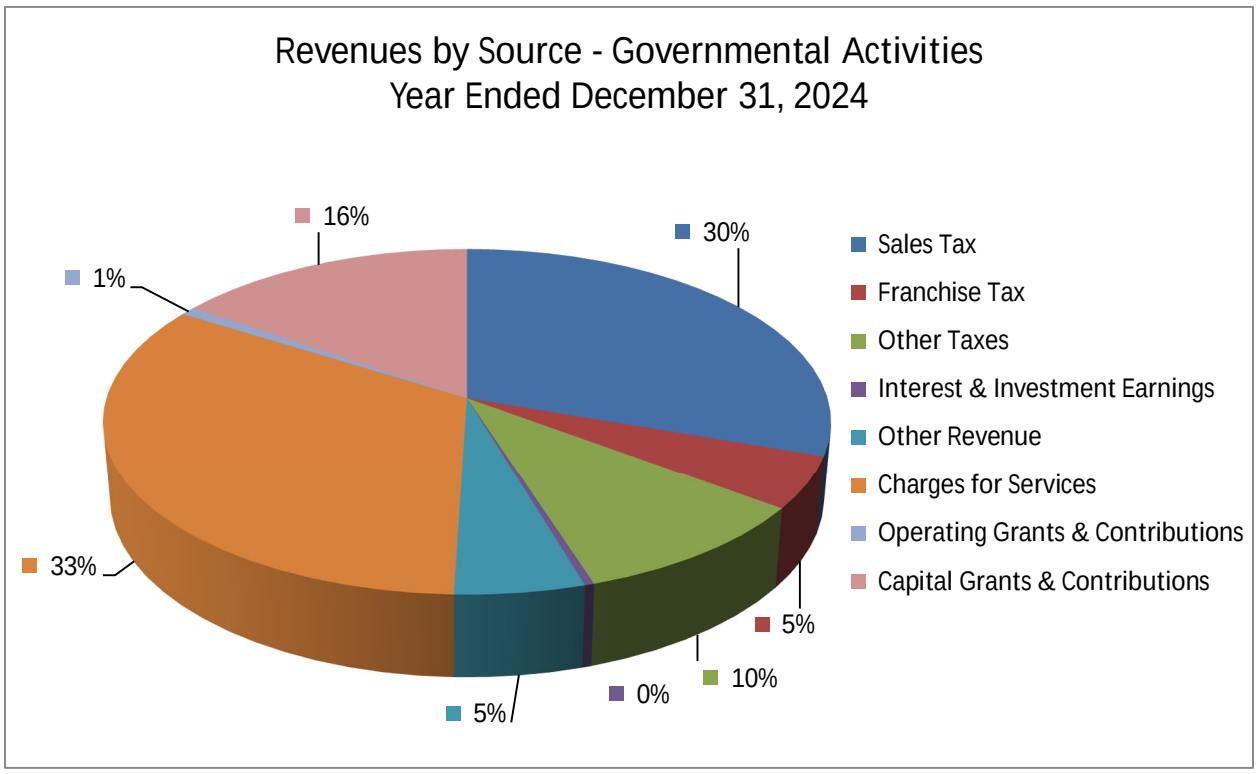
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Cumming's net position changed during the year.

City of Cumming
Changes in Net Position
Years Ended December 31, 2024 and 2023

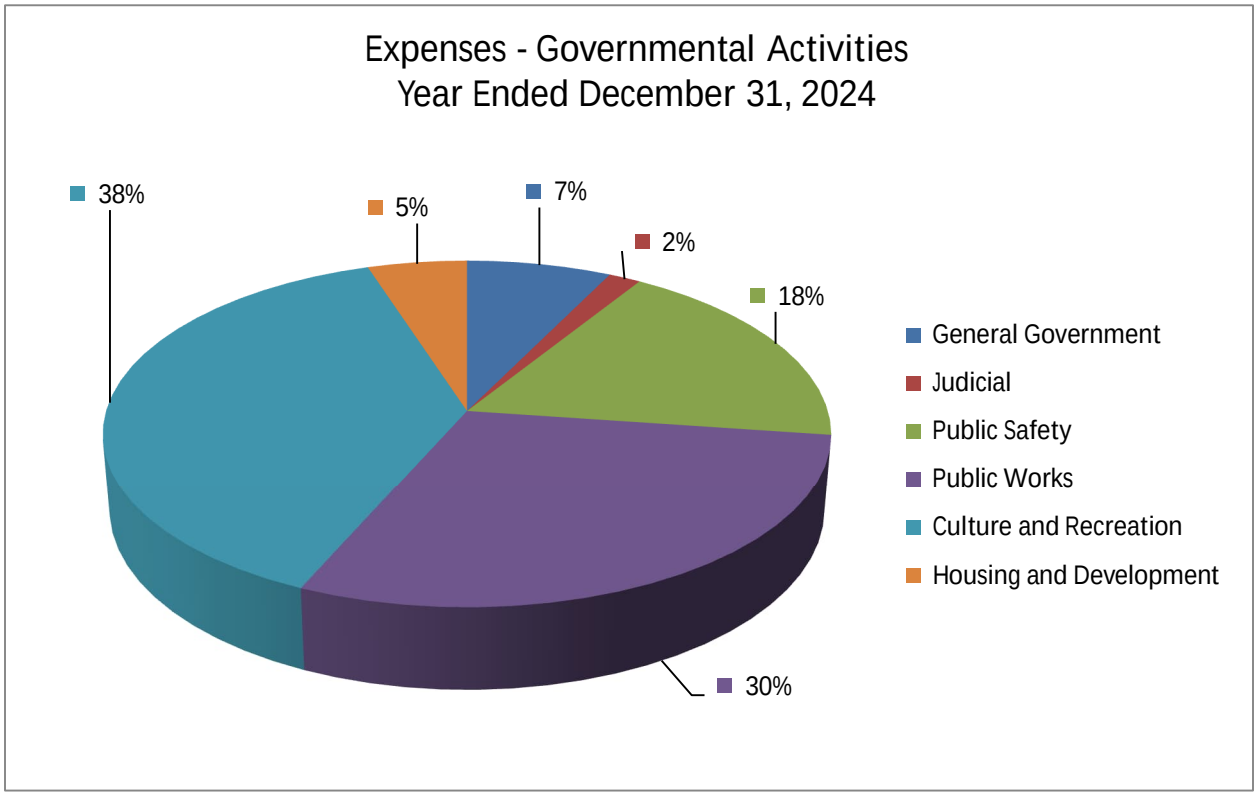
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	$ 8,819,772	$ 7,566,150	$ 44,292,881	$ 43,623,335	$ 53,112,653	$ 51,189,485
Operating grants and contributions	200,811	286,495	0	0	200,811	286,495
Capital grants and contributions	4,042,577	3,322,263	1,247,777	1,519,739	5,290,354	4,842,002
General revenues:						
Sales tax	8,002,213	7,707,844	0	0	8,002,213	7,707,844
Franchise tax	1,294,664	1,156,730	0	0	1,294,664	1,156,730
Other taxes	2,593,129	2,438,007	0	0	2,593,129	2,438,007
Interest & investment earnings	98,926	55,467	1,160,512	602,302	1,259,438	657,769
Other revenue	1,339,040	1,983,792	83,008	0	1,422,048	1,983,792
Total revenues	26,391,132	24,516,748	46,784,178	45,745,376	73,175,310	70,262,124
Expenses						
General Government	1,405,116	1,482,489	0	0	1,405,116	1,482,489
Judicial	312,637	388,722	0	0	312,637	388,722
Public Safety	3,504,110	2,807,230	0	0	3,504,110	2,807,230
Public Works	5,649,539	5,081,984	0	0	5,649,539	5,081,984
Culture and Recreation	7,367,422	6,867,526	0	0	7,367,422	6,867,526
Housing and Development	964,230	829,250	0	0	964,230	829,250
Water and Sewer	0	0	30,771,785	29,742,690	30,771,785	29,742,690
Downtown Development Authority	0	0	4,579,778	3,146,030	4,579,778	3,146,030
Total expenses	19,203,054	17,457,201	35,351,563	32,888,720	54,554,617	50,345,921
Increase (decrease) in net position before transfers	7,188,078	7,059,547	11,432,615	12,856,656	18,620,693	19,916,203
Transfers	1,917,493	2,187,793	(1,917,493)	(2,187,793)	0	0
Increase (decrease) in net position	9,105,571	9,247,340	9,515,122	10,668,863	18,620,693	19,916,203
Net position - beginning, as previously reported	106,712,634	97,465,294	229,669,207	219,000,344	336,381,841	316,465,638
Error Correction	(37,378)	0	(26,324)	0	(63,702)	0
Net position - beginning, restated	106,675,256	97,465,294	229,642,883	219,000,344	336,318,139	316,465,638
Net position - ending	$ 115,780,827	$ 106,712,634	$ 239,158,005	$ 229,669,207	$ 354,938,832	$ 336,381,841

Governmental Activities –

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



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



The revenue chart indicates that charges for services, followed by sales tax and capital grants and contributions were the three largest sources of revenue for governmental activities for 2024. Total revenues of the governmental activities increased by $1,874,384. The largest cause of the increase was an increase in public works charges for services of $602,900 due to a large collection of impact fees related to a specific project. Capital grants and contributions in public safety increased $489,031 due to contributions from the Cumming PD Foundation. Sales tax increased $294,368 associated with the increasing prices of goods and services.. The remaining revenue types mostly saw small increases from the prior year.

The expense chart indicates that the three most significant governmental activities expenses for the City of Cumming during 2024 were culture and recreation, followed by public works and public safety. Overall, governmental activities expenses increased by $1,745,853 from the prior year. Culture and recreation expenses increased by $499,896 due mostly to an increase in repairs and maintenance expense for some needed repairs and maintenance at the gym. Public works expenses increased by $567,555 due to increased depreciation, road maintenance, and solid waste contract services. Public safety expenses increased by $696,880 due to an increase in salaries and related costs from hiring multiple new officers. Other expenses were slightly up in comparison to the prior year.

Business-Type Activities –

Business-type activities increased the City of Cumming's net position by $9,515,122, or 2.8%. The increase is largely attributable to the Water and Sewer Fund operating income of $11,021,952. After capital contributions and transfers to other funds, the Water and Sewer Fund reported an increase in net position of $9,283,225. The Downtown Development Authority reported an operating loss of $1,362,479. However, after capital contributions and transfers from other funds, it reported an increase in net position of $231,897.

Financial Analysis of the City's Funds

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

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

1) As the City completed this year, its governmental funds reported a combined ending fund balance of $13,724,799. Of this amount, $9,866,523 (72%) constitutes unassigned fund balance, which is available for appropriation for the general purposes of the funds in accordance with the City of Cumming policy on fund balance.

The General Fund is the chief operating fund of the City. At the end of the current year, fund balance of the General Fund totaled $9,930,511. Unassigned fund balance represents approximately 99% of total fund balance in the General Fund. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 65% of total General Fund expenditures, while total fund balance represents approximately 66% of that same amount. The City ended the year realizing a decrease in the overall fund balance in the General Fund by $116,660, or 1.2%. Part of the cause of the decrease was an increase ($248,826, 3.5%) in transfers out and a decrease ($395,577, 16.5%) in transfers in. Streets expenditures decreased significantly ($2,531,954) due to completion of a road project in the prior year, while culture and recreation expenditures increased significantly ($511,364) due to increases in salaries and repairs and maintenance. The City decreased unassigned fund balance in the General Fund by $16,976, or 0.1%.

Expenditures of the SPLOST Capital Projects Fund continued on projects in accordance with the current SPLOST referendum. The City continued collecting the SPLOST #8 referendum during the current year. At the end of the current year, the SPLOST Fund reported fund balance of 282,938, all of which is restricted for capital outlay. After transfers from other funds totaling $250,000, fund balance of the SPLOST Fund decreased by $1,499,486.

Expenditures of the Capital Projects Fund continued on projects financed by the City. At the end of the current year, the Capital Projects Fund reported fund balance of 26,182. After contributions from developers of $187,620, expenditures of $7,413,117 and transfers from other funds totaling $7,094,413, fund balance of the Capital Projects Fund decreased by $131,084.

General Fund Budget Highlights

The original budget for the General Fund was amended by various appropriations approved after the beginning of the year. Budgeted revenues and other financing sources in total increased $3,730,610 and expenditures and other financing uses in total increased $3,730,610 from original to final budgets. The City experienced increases in revenues and expenditures from the prior fiscal year. The City ended the fiscal year with a decrease in the fund balance, due mostly to increases in expenditures and decreases in transfers from other funds.

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

- Water and Sewer $ 171,706,971
- Downtown Development Authority $ 67,451,034

The Water and Sewer Fund increased the City of Cumming's net position by $9,283,225. Operating income totaled $11,021,952. The Downtown Development Authority net position increased by $231,897.

Capital Assets and Debt Administration

Capital Assets. The City of Cumming has invested $344,115,318 in capital assets (net of accumulated depreciation/amortization) compared to $336,409,562 in the previous year. This represents an increase of 2.3%. Approximately 70% of this investment is related to business-type activities and includes infrastructure, land, buildings, and equipment.

Capital assets held by the City at year-end are summarized as follows:

City of Cumming
Capital Assets (net of accumulated depreciation/amortization)
December 31, 2024 and 2023

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	$11,109,685	$11,109,685	$13,713,263	$13,754,055	$24,822,948	$24,863,740
Construction in progress	7,723,496	692,235	19,575,593	26,745,547	27,299,089	27,437,782
Buildings	39,394,711	38,478,149	94,421,512	90,498,227	133,816,223	128,976,376
Improvements other than buildings	8,469,150	8,469,150	1,611,738	1,611,738	10,080,888	10,080,888
Water distribution system general	0	0	97,106,766	89,407,549	97,106,766	89,407,549
Water system plant	0	0	60,393,525	60,393,525	60,393,525	60,393,525
Wastewater treatment plant	0	0	109,523,978	103,646,135	109,523,978	103,646,135
Stormwater system	0	0	2,630,815	2,587,491	2,630,815	2,587,491
Equipment	6,251,640	5,779,742	6,100,044	4,729,238	12,351,684	10,508,980
Infrastructure	108,317,244	101,915,905	0	0	108,317,244	101,915,905
Intangible right-to-use assets						
Software	0	0	404,588	404,588	404,588	404,588
Total	181,265,926	166,444,866	405,481,822	393,778,093	586,747,748	560,222,959
Accumulated depreciation/amortization	(79,571,218)	(74,525,280)	(163,061,212)	(149,288,117)	(242,632,430)	(223,813,397)
Net Capital Assets	$101,694,708	$91,919,586	$242,420,610	$244,489,976	$344,115,318	$336,409,562

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

- Municipal Court building
- Sawnee Drive extension
- City Center residential infrastructure
- Fairgrounds barn
- Purchase of vehicles and equipment for various City departments

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

- Continued improvements to the water and sewer system
- Purchase of vehicles and equipment for the water and sewer department

Additional information on the City of Cumming's capital assets can be found in Note 7 on pages 50-52 of this report.

Long-Term Debt. At the end of the current year, City of Cumming had total long-term debt outstanding for business-type activities in the amount of $29,353,625, as compared to $27,686,236 at the end of the previous year. This represents an increase of $1,667,389 during the course of the year due to continued draws and new issuances of GEFA notes and payments on the Downtown Development Authority Series 2022B Bonds.

Additional information on the County's long-term liabilities can be found in Note 8 on pages 53-56 of this report.

Economic Condition and Outlook

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

The City remains cautiously optimistic that the growth in revenues and business in the City of Cumming will continue. These and many key factors were considered in preparation of the budget for 2025. Strong financial position helps insure that the City of Cumming is ready to meet any future challenges:

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

Contacting the City

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

City of Cumming, Georgia
100 Main Street
Cumming, Georgia 30040
770-781-2010
http://www.cityofcumming.net

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

CITY OF CUMMING, GEORGIA
STATEMENT OF NET POSITION
December 31, 2024

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	$ 4,538,596	$ 26,073,711	$ 30,612,307	$ 1,523,169
Restricted cash and cash equivalents	0	2,569,141	2,569,141	0
Receivables (net)				
Accounts	100,013	3,157,268	3,257,281	0
Intergovernmental	693,755	2,595,134	3,288,889	0
Taxes	2,162,385	0	2,162,385	0
Leases	0	2,308,735	2,308,735	0
Due from component units	61,251	0	61,251	0
Prepaid items	86,209	122,469	208,678	0
Inventory	0	2,008,696	2,008,696	0
Internal balances	7,442,995	(7,442,995)	0	0
Total current assets	15,085,204	31,392,159	46,477,363	1,523,169
Noncurrent assets				
Leases receivable	0	6,201,579	6,201,579	0
Notes receivable - component unit	3,961	0	3,961	
Net OPEB asset	830,329	1,937,434	2,767,763	0
Capital assets				
Nondepreciable	18,833,181	33,288,856	52,122,037	0
Depreciable/amortizable (net)	82,861,527	209,131,754	291,993,281	0
Total noncurrent assets	102,528,998	250,559,623	353,088,621	0
Total assets	117,614,202	281,951,782	399,565,984	1,523,169
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	726,755	1,695,762	2,422,517	0
Deferred outflows of resources - OPEB	514,736	1,201,048	1,715,784	0
Total deferred outflows of resources	1,241,491	2,896,810	4,138,301	0
LIABILITIES				
Current liabilities				
Accounts payable	842,073	1,800,920	2,642,993	0
Retainages payable	205,853	33,613	239,466	0
Customer deposits payable	10,860	0	10,860	0
Accrued salaries and payroll liabilities	45,521	7,390	52,911	0
Compensated absences payable	2,998	4,703	7,701	0
Due to primary government	0	0	0	61,251
Unearned revenue	260,059	0	260,059	0
Subscriptions payable	0	30,606	30,606	0
Bonds payable	0	2,444,440	2,444,440	0
Liabilities payable from restricted assets				
Customer deposits payable	0	2,569,141	2,569,141	0
Total current liabilities	1,367,364	6,890,813	8,258,177	61,251
Noncurrent liabilities				
Subscriptions payable	0	309,428	309,428	0
Notes payable	0	11,192,231	11,192,231	0
Bonds payable	0	15,376,920	15,376,920	0
Compensated absences payable	26,981	42,331	69,312	0
Net pension liability	707,419	1,650,643	2,358,062	0
Notes payable - primary government	0	0	0	3,961
Total noncurrent liabilities	734,400	28,571,553	29,305,953	3,961
Total liabilities	2,101,764	35,462,366	37,564,130	65,212

See accompanying notes to the financial statements.

CITY OF CUMMING, GEORGIA
STATEMENT OF NET POSITION
December 31, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - leases	$ 0	$ 7,957,653	$ 7,957,653	$ 0
Deferred inflows of resources - pension	560,167	1,307,057	1,867,224	0
Deferred inflows of resources - OPEB	412,935	963,511	1,376,446	0
Total deferred inflows of resources	973,102	10,228,221	11,201,323	0
NET POSITION				
Net investment in capital assets	101,393,145	213,731,673	315,124,818	0
Restricted for Police Foundation	0	0	0	1,457,957
Restricted for capital outlay	3,845,627	0	3,845,627	0
Restricted for net OPEB asset	830,329	1,937,434	2,767,763	
Unrestricted	9,711,726	23,488,898	33,200,624	0
Total net position	$ 115,780,827	$ 239,158,005	$ 354,938,832	$ 1,457,957

See accompanying notes to the financial statements.

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

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Primary government								
Governmental activities								
General government	$ 1,405,116	$ 176,100	$ 0	$ 187,620	$ (1,041,396)	$ 0	$ (1,041,396)	
Judicial	312,637	0	0	0	(312,637)	0	(312,637)	
Public safety	3,504,110	603,401	0	595,403	(2,305,306)	0	(2,305,306)	
Public works	5,649,539	2,348,145	200,811	3,034,757	(65,826)	0	(65,826)	
Culture and recreation	7,367,422	5,692,126	0	224,797	(1,450,499)	0	(1,450,499)	
Housing and development	964,230	0	0	0	(964,230)	0	(964,230)	
Total governmental activities	19,203,054	8,819,772	200,811	4,042,577	(6,139,894)	0	(6,139,894)	
Business-type activities								
Water and Sewer	30,771,785	41,682,727	0	1,243,777	0	12,154,719	12,154,719	
Downtown Development Authority	4,579,778	2,610,154	0	4,000	0	(1,965,624)	(1,965,624)	
Total business-type activities	35,351,563	44,292,881	0	1,247,777	0	10,189,095	10,189,095	
Total primary government	$ 54,554,617	$ 53,112,653	$ 200,811	$ 5,290,354	$ (6,139,894)	$ 10,189,095	$ 4,049,201	
Component Units	$ 595,403	$ 0	$ 2,015,982	$ 0				$ 1,420,579
General revenues								
Taxes								
Sales					$ 8,002,213	$ 0	$ 8,002,213	$ 0
Franchise					1,294,664	0	1,294,664	0
Alcoholic beverage					873,125	0	873,125	0
Insurance premium					698,862	0	698,862	0
Business occupation					625,024	0	625,024	0
Title ad valorem					326,396	0	326,396	0
Other					69,722	0	69,722	0
Interest and investment earnings					98,926	1,160,512	1,259,438	0
Gain on sale of assets					0	83,008	83,008	0
Miscellaneous					1,339,040	0	1,339,040	0
Transfers					1,917,493	(1,917,493)	0	0
Total general revenues and transfers					15,245,465	(673,973)	14,571,492	0
Change in net position					9,105,571	9,515,122	18,620,693	1,420,579
Net position - beginning, as previously reported					106,712,634	229,669,207	336,381,841	0
Error correction					(37,378)	(26,324)	(63,702)	37,378
Net position - beginning, as restated					106,675,256	229,642,883	336,318,139	37,378
Net position - ending					$ 115,780,827	$ 239,158,005	$ 354,938,832	$ 1,457,957

See accompanying notes to the financial statements.

CITY OF CUMMING, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

	General	SPLOST	Capital Projects	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	$ 2,035,109	$ 219,004	$ 175,623	$ 2,108,860	$ 4,538,596
Receivables					
Accounts	100,013	0	0	0	100,013
Intergovernmental	78,931	614,824	0	0	693,755
Taxes	2,159,080	0	0	3,305	2,162,385
Due from component units	61,251	0	0	0	61,251
Due from other funds	7,811,206	0	83,052	1,376,971	9,271,229
Prepaid items	82,487	0	3,722	0	86,209
Notes receivable - component unit	3,961	0	0	0	3,961
Total assets	$ 12,332,038	$ 833,828	$ 262,397	$ 3,489,136	$ 16,917,399
LIABILITIES					
Accounts payable	$ 728,597	$ 79,446	$ 30,362	$ 3,668	$ 842,073
Retainage payable	0	0	205,853	0	205,853
Customer deposits payable	10,860	0	0	0	10,860
Accrued salaries and payroll liabilities	45,521	0	0	0	45,521
Due to other funds	1,356,490	471,444	0	300	1,828,234
Unearned revenue	260,059	0	0	0	260,059
Total liabilities	2,401,527	550,890	236,215	3,968	3,192,600
FUND BALANCES					
Nonspendable:					
Prepaid items	82,487	0	3,722	0	86,209
Notes receivable - component unit	3,961	0	0	0	3,961
Restricted for capital outlay	0	282,938	0	3,485,168	3,768,106
Unassigned	9,844,063	0	22,460	0	9,866,523
Total fund balances	9,930,511	282,938	26,182	3,485,168	13,724,799
Total liabilities and fund balances	$ 12,332,038	$ 833,828	$ 262,397	$ 3,489,136	$ 16,917,399

See accompanying notes to the financial statements.

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

Total fund balance - total governmental funds		$ 13,724,799
Amounts reported for governmental activities in the statement of net position are different because:		
Some assets are not financial resources and, therefore, are not reported in the funds. These are:		
Net OPEB asset	$ 830,329	
Capital assets	181,265,926	
Accumulated depreciation	(79,571,218)	102,525,037
Deferred outflows and inflows of resources related to pension and OPEB plans are applicable to future periods and, therefore, are not reported in the funds. These are:		
Deferred outflows of resources - pension	$ 726,755	
Deferred outflows of resources - OPEB	514,736	
Deferred inflows of resources - pension	(560,167)	
Deferred inflows of resources - OPEB	(412,935)	268,389
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Compensated absences payable	$ (29,979)	
Net pension liability	(707,419)	(737,398)
Net position of the governmental activities		$ 115,780,827

See accompanying notes to the financial statements.

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

	General	SPLOST	Capital Projects	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	$ 11,858,229	$ 0	$ 0	$ 31,779	$ 11,890,008
Licenses and permits	366,517	0	0	0	366,517
Fines and forfeitures	358,674	0	0	0	358,674
Charges for services	5,592,911	0	0	2,501,670	8,094,581
Intergovernmental	796,214	3,259,554	0	0	4,055,768
Interest	60,538	0	0	38,388	98,926
Contributions	0	0	187,620	0	187,620
Other	1,339,040	0	0	0	1,339,040
Total revenues	20,372,123	3,259,554	187,620	2,571,837	26,391,134
EXPENDITURES					
Current					
General government	1,269,146	0	0	0	1,269,146
Judicial	321,137	0	0	0	321,137
Public safety	3,533,362	0	0	0	3,533,362
Public works	2,841,593	0	0	0	2,841,593
Culture and recreation	6,185,148	0	0	0	6,185,148
Housing and development	957,477	0	0	31,779	989,256
Capital outlay	0	5,009,040	7,413,117	1,799,567	14,221,724
Total expenditures	15,107,863	5,009,040	7,413,117	1,831,346	29,361,366
Excess (deficiency) of revenues over (under) expenditures	5,264,260	(1,749,486)	(7,225,497)	740,491	(2,970,232)
Other financing sources (uses)					
Transfers in	2,000,000	250,000	7,094,413	0	9,344,413
Transfers out	(7,380,920)	0	0	(46,000)	(7,426,920)
Total other financing sources (uses)	(5,380,920)	250,000	7,094,413	(46,000)	1,917,493
Net change in fund balances	(116,660)	(1,499,486)	(131,084)	694,491	(1,052,739)
Fund balances, January 1, as originally reported	10,084,549	1,782,424		2,947,943	14,814,916
Changes within financial reporting entity	0	0	157,266	(157,266)	0
Error correction	(37,378)	0	0	0	(37,378)
Fund balances, January 1, as restated	10,047,171	1,782,424	157,266	2,790,677	14,777,538
Fund balances, December 31	$ 9,930,511	$ 282,938	$ 26,182	$ 3,485,168	$ 13,724,799

See accompanying notes to the financial statements.

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

Net change in fund balances - total governmental funds		$ (1,052,739)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 14,821,060	
Depreciation	(5,045,938)	9,775,122
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	$ 288,378	
Cost of benefits earned net of employee contributions	(130,575)	157,803
Governmental funds report OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.		
OPEB contributions	$ 219,900	
Cost of benefits earned net of employee contributions	5,487	225,387
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These include the following:		
Net change in compensated absences		(2)
Change in net position of governmental activities		$ 9,105,571

See accompanying notes to the financial statements.

CITY OF CUMMING, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the year ended December 31, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 9,932,800	$ 11,696,800	$ 11,858,229	$ 161,429
Licenses and permits	392,000	368,000	366,517	(1,483)
Fines and forfeitures	525,000	615,000	358,674	(256,326)
Charges for services	4,680,350	5,726,650	5,592,911	(133,739)
Intergovernmental	89,720	745,820	796,214	50,394
Interest	18,200	61,200	60,538	(662)
Contributions	0	3,000	-	(3,000)
Other	1,038,600	1,190,700	1,339,040	148,340
Total revenues	16,676,670	20,407,170	20,372,123	(35,047)
EXPENDITURES				
Current				
General government				
Mayor and Council	74,500	75,500	74,579	921
Financial administration	969,700	1,296,950	1,194,567	102,383
Judicial				
Municipal court	575,500	600,600	321,137	279,463
Public safety				
Police	3,157,300	3,832,300	3,533,362	298,938
Public works				
Streets	1,930,400	2,151,900	2,089,064	62,836
Solid waste	648,000	855,000	752,529	102,471
Culture and recreation				
Parks	2,025,930	1,983,330	1,893,770	89,560
Aquatic Center	2,158,070	2,334,870	2,362,724	(27,854)
Fairgrounds	1,743,520	2,013,020	1,928,654	84,366
Housing and development				
Planning and zoning	875,270	956,220	957,477	(1,257)
Total expenditures	14,158,190	16,099,690	15,107,863	991,827
Excess (deficiency) of revenues over (under) expenditures	2,518,480	4,307,480	5,264,260	956,780
Other financing sources (uses)				
Transfers in	0	0	2,000,000	2,000,000
Transfers out	0	(3,107,590)	(7,380,920)	(4,273,330)
Proceeds from sale of assets	0	110	0	(110)
Contingency	(2,518,480)	(1,200,000)	0	1,200,000
Total other financing sources (uses)	(2,518,480)	(4,307,480)	(5,380,920)	(1,073,440)
Net change in fund balances	0	0	(116,660)	(116,660)
Fund balances, January 1, as originally reported	0	0	10,084,549	10,084,549
Error correction	0	0	(37,378)	(37,378)
Fund balances, January 1, as restated	0	0	10,047,171	10,047,171
Fund balances, December 31	$ 0	$ 0	$ 9,930,511	$ 9,930,511

See accompanying notes to the financial statements.

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

	Business-Type Activities		
	Water and Sewer	Downtown Development Authority	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 26,073,711	$ 0	$ 26,073,711
Restricted cash and cash equivalents			
Customer deposits	2,236,959	332,182	2,569,141
Receivables (net)			
Accounts	3,157,268	0	3,157,268
Intergovernmental	2,595,134	0	2,595,134
Leases	0	2,308,735	2,308,735
Due from other funds	473,179	0	473,179
Prepaid items	122,469	0	122,469
Inventory	2,008,696	0	2,008,696
Total current assets	36,667,416	2,640,917	39,308,333
Noncurrent assets			
Leases receivable	0	6,201,579	6,201,579
Net OPEB asset	1,937,434	0	1,937,434
Capital assets			
Nondepreciable	29,104,493	4,184,363	33,288,856
Depreciable/amortizable (net)	126,197,992	82,933,762	209,131,754
Total noncurrent assets	157,239,919	93,319,704	250,559,623
Total assets	193,907,335	95,960,621	289,867,956
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	1,695,762	0	1,695,762
Deferred outflows of resources - OPEB	1,201,048	0	1,201,048
Total deferred outflows of resources	2,896,810	0	2,896,810
LIABILITIES			
Current liabilities			
Accounts payable	1,726,346	74,574	1,800,920
Retainages payable	33,613	0	33,613
Accrued salaries and payroll liabilities	7,390	0	7,390
Compensated absences payable	4,703	0	4,703
Due to other funds	5,592,356	2,323,818	7,916,174
Subscriptions payable	30,606	0	30,606
Bonds payable	0	2,444,440	2,444,440
Liabilities payable from restricted assets			
Customer deposits payable	2,236,959	332,182	2,569,141
Total current liabilities	9,631,973	5,175,014	14,806,987
Noncurrent liabilities			
Compensated absences payable	42,331	0	42,331
Net pension liability	1,650,643	0	1,650,643
Subscriptions payable	309,428	0	309,428
Notes payable	11,192,231	0	11,192,231
Bonds payable	0	15,376,920	15,376,920
Total noncurrent liabilities	13,194,633	15,376,920	28,571,553
Total liabilities	22,826,606	20,551,934	43,378,540

See accompanying notes to the financial statements.

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

	Business-Type Activities		
	Water and Sewer	Downtown Development Authority	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - leases	$ 0	$ 7,957,653	$ 7,957,653
Deferred inflows of resources - pension	1,307,057	0	1,307,057
Deferred inflows of resources - OPEB	963,511	0	963,511
Total deferred inflows of resources	2,270,568	7,957,653	10,228,221
NET POSITION			
Net investment in capital assets	144,434,908	69,296,765	213,731,673
Restricted for net OPEB asset	1,937,434	0	1,937,434
Unrestricted	25,334,629	(1,845,731)	23,488,898
Total net position	$ 171,706,971	$ 67,451,034	$ 239,158,005

See accompanying notes to the financial statements.

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

	Business-Type Activities		
	Water and Sewer	Downtown Development Authority	Total
OPERATING REVENUES			
Water charges	$ 20,579,990	$ 0	$ 20,579,990
Sewer charges	18,692,280	0	18,692,280
Water and sewer tap fees	2,002,244	0	2,002,244
Rental and lease revenue	0	2,337,049	2,337,049
Miscellaneous	408,213	273,105	681,318
Total operating revenues	41,682,727	2,610,154	44,292,881
OPERATING EXPENSES			
Personal services	7,271,945	126,094	7,398,039
Costs of sales and services	11,653,294	1,687,743	13,341,037
Depreciation	11,735,536	2,158,796	13,894,332
Total operating expenses	30,660,775	3,972,633	34,633,408
Operating income	11,021,952	(1,362,479)	9,659,473
Non-operating revenues (expenses)			
Interest revenue	975,755	184,757	1,160,512
Interest expense	(16,110)	(607,145)	(623,255)
Debt issue costs	(94,900)	0	(94,900)
Gain on sale of capital assets	30,543	52,465	83,008
Total non-operating revenues (expenses)	895,288	(369,923)	525,365
Net income before capital contributions and transfers	11,917,240	(1,732,402)	10,184,838
Capital contributions			
Intergovernmental	1,029,509	0	1,029,509
Capital contributions	214,268	4,000	218,268
Total capital contributions	1,243,777	4,000	1,247,777
Net income before transfers	13,161,017	(1,728,402)	11,432,615
Transfers in (out)			
Transfers in	0	3,303,971	3,303,971
Transfers out	(3,877,792)	(1,343,672)	(5,221,464)
Total transfers in (out)	(3,877,792)	1,960,299	(1,917,493)
Change in net position	9,283,225	231,897	9,515,122
Net position - January 1, as previously reported	162,423,746	67,245,461	229,669,207
Error correction	0	(26,324)	(26,324)
Net position - January 1, as restated	162,423,746	67,219,137	229,642,883
Net position, December 31	$ 171,706,971	$ 67,451,034	$ 239,158,005

See accompanying notes to the financial statements.

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

	Business-Type Activities		
	Water and Sewer	Downtown Development Authority	Total
Cash flows from operating activities:			
Receipts from customers and users	$ 41,257,184	$ 302,931	$ 41,560,115
Payments to suppliers	(12,669,813)	(1,647,786)	(14,317,599)
Payments to employees	(8,100,643)	(126,094)	(8,226,737)
Other receipts	408,213	273,105	681,318
Net cash provided (used) by operating activities	20,894,941	(1,197,844)	19,697,097
Cash flows from non-capital financing activities:			
Receipts from other funds	1,854,865	3,183,630	5,038,495
Payments to other funds	(4,209,616)	(1,343,672)	(5,553,288)
Receipts of lease principal payments	0	1,516,648	1,516,648
Net cash provided (used) by non-capital financing activities	(2,354,751)	3,356,606	1,001,855
Cash flows from capital and related financing activities:			
Receipts from other governments	2,109,242	0	2,109,242
Receipts of capital contributions	214,268	4,000	218,268
Acquisition of capital assets	(11,010,930)	0	(11,010,930)
Proceeds from sale of capital assets	30,543	180,257	210,800
Payment of capital related payables	(1,345,332)	(85,833)	(1,431,165)
Principal payments on subscriptions payable	(27,804)	0	(27,804)
Proceeds from issuance of notes payable	2,574,012	0	2,574,012
Principal payments on bonds payable	0	(2,444,444)	(2,444,444)
Payment of debt issue costs	(94,900)	0	(94,900)
Interest paid	(16,110)	(607,145)	(623,255)
Net cash provided (used) by capital and related financing activities	(7,567,011)	(2,953,165)	(10,520,176)
Cash flows from investing activities:			
Interest received	975,755	184,757	1,160,512
Net increase in cash and cash equivalents	11,948,934	(609,646)	11,339,288
Cash and cash equivalents, January 1	16,361,736	941,828	17,303,564
Cash and cash equivalents, December 31	$ 28,310,670	$ 332,182	$ 28,642,852
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 11,021,952	$ (1,362,479)	$ 9,659,473
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	11,735,536	2,158,796	13,894,332
(Increase) decrease in accounts receivable	(119,251)	0	(119,251)
(Increase) decrease in prepaid items	31,212	0	31,212
(Increase) decrease in inventory	(589,044)	0	(589,044)
(Increase) decrease in net OPEB asset	(1,553,357)	0	(1,553,357)
(Increase) decrease in deferred outflows of resources - pension	152,272	0	152,272
(Increase) decrease in deferred outflows of resources - OPEB	603,329	0	603,329
Increase (decrease) in accounts payable	(458,687)	39,957	(418,730)
Increase (decrease) in payroll liabilities	(50,387)	0	(50,387)
Increase (decrease) in customer deposits payable	101,921	(27,805)	74,116
Increase (decrease) in net pension liability	(1,479,880)	0	(1,479,880)
Increase (decrease) in deferred inflows of resources - leases	0	(2,006,313)	(2,006,313)
Increase (decrease) in deferred inflows of resources - pension	1,265,711	0	1,265,711
Increase (decrease) in deferred inflows of resources - OPEB	233,614	0	233,614
Total adjustments	9,872,989	164,635	10,037,624
Net cash provided (used) by operating activities	$ 20,894,941	$ (1,197,844)	$ 19,697,097

See accompanying notes to the financial statements.

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

	Business-Type Activities		
	Water and Sewer	Downtown Development Authority	Total
Cash and cash equivalents reconciliation			
Cash and cash equivalents	$ 26,073,711	$ 0	$ 26,073,711
Cash and cash equivalents restricted for customer deposits	2,236,959	332,182	2,569,141
	$ 28,310,670	$ 332,182	$ 28,642,852

Noncash capital and related financing activities:

Acquisition of capital assets through capital-related accounts and retainages payable totaled $941,828.
Increase in deferred inflows of resources - leases through issuances of leases receivable totaled $1,069,442.
Lease terminations decreased leases receivable by $1,781,586 and deferred inflows of resources - leases by $1,740,186.
Lease modifications decreased leases receivable and deferred inflows of resources - leases by $357,480.
Increase in notes payable through intergovernmental receivables totaled $1,565,625.

See accompanying notes to the financial statements.

CITY OF CUMMING, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2024

	Municipal Court Custodial Fund
ASSETS	
Cash and cash equivalents	$ 16,930
LIABILITIES	
Due to others	16,930
NET POSITION	
Restricted for individuals, organizations, and other governments	$ 0

See accompanying notes to the financial statements.

CITY OF CUMMING, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended December 31, 2024

	Municipal Court Custodial Fund
ADDITIONS	
Court fees collected for other agencies	$ 280,454
Total additions	280,454
DEDUCTIONS	
Court fees distributed to other agencies	280,454
Total deductions	280,454
Change in net position	0
Net position - beginning	0
Net position - ending	$ 0

See accompanying notes to the financial statements.

CITY OF CUMMING, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
December 31, 2024

	Development Authority of Cumming	Cumming PD Foundation	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 3,961	$ 1,519,208	$ 1,523,169
LIABILITIES			
Current liabilities			
Due to primary government	0	61,251	61,251
Noncurrent liabilities			
Notes payable - primary government	3,961	0	3,961
Total liabilities	3,961	61,251	65,212
NET POSITION			
Restricted for Police Foundation	$ 0	$ 1,457,957	$ 1,457,957

See accompanying notes to the financial statements.

CITY OF CUMMING, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the year ended December 31, 2024

	Development Authority of Cumming	Cumming PD Foundation	Totals
Expenses			
Public Safety	$ 0	$ 595,403	$ 595,403
Program revenues			
Operating grants and contributions	0	2,015,982	2,015,982
Change in net position	0	1,420,579	1,420,579
Net position - beginning, as previously reported	0	0	0
Error correction	0	37,378	37,378
Net position - beginning, as restated	0	37,378	37,378
Net position - ending	$ 0	$ 1,457,957	$ 1,457,957

See accompanying notes to the financial statements.

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City is a municipal corporation incorporated in 1910 under provisions of the laws of Georgia. The City is governed by an elected Mayor and five-member Council and provides the following services in addition to general administrative responsibilities: public safety inclusive of police, water and sewer, streets and sanitation, cultural and recreational activities, public improvements and planning and zoning.

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

Blended Component Units - Blended component units, although legally separate entities, are, in substance, part of the City's operations.

Downtown Development Authority - The Downtown Development Authority established by OCGA 36-42-1 is reported as a blended component unit in the accompanying financial statements. The City appoints all seven members of the board. Financial information of the Downtown Development Authority can be obtained from the City Clerk. The Downtown Development Authority operates on a calendar year. The City adopts the budget and provides all funding for the assets of the Authority. The City will receive a financial benefit from the Authority's operations in the future. Separate financial statements for the Downtown Development Authority are not prepared.

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity, continued

Discretely Presented Component Units - Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the primary government.

Development Authority of Cumming - The Development Authority of Cumming established by OCGA 36-42-4 is reported as a discretely presented component unit in the accompanying financial statements. The City appoints all seven members of the board. Financial information of the Development Authority can be obtained from the City Clerk. The Development Authority operates on a calendar year. Separate financial statements for the Development Authority of Cumming are not prepared.

Cumming PD Foundation, Inc. - The Foundation is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and was organized exclusively for charitable purposes to provide strategic visioning, public safety infrastructure investment, innovative technology, training, supplemental assistance to officers, and a variety of community programs to assist the Cumming Police Department in making the City of Cumming a safer jurisdiction. The Foundation operates on a calendar year. The Board of Directors includes the Mayor, City Manager, and City Clerk and is not appointed by City Council. The Foundation is also not fiscally dependent on the City. However, the Foundation should be included in the reporting entity because of the nature and significance of its relationship with the City. Separate financial statements are not issued. Financial information of the Foundation can be obtained from the City Clerk.

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

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

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

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

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

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

The City reports the following major governmental funds:

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

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

The **Capital Projects Fund** is used to account for general purpose long-term capital projects financed from various revenue sources.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the activities of the sewage treatment plant, sewage pumping stations and collection systems, the water treatment plant, and water distribution system.

The **Downtown Development Authority Fund** accounts for the activities of the Downtown Development Authority, which exists to promote economic development in the City of Cumming.

The City also reports the following fund types:

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

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

1. Summary of Significant Accounting Policies (continued)

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

The **Custodial Funds** are fiduciary in nature and are used to account for assets that are held for others. They are reported using the economic resources measurement focus and accrual basis of accounting. The City utilizes a custodial fund to account for the activity of the Municipal Court.

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

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

D. Cash and Investments

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

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

1. Summary of Significant Accounting Policies (continued)

D. Cash and Investments, continued

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

E. Receivables and Payables

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

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

F. Leases Receivable

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

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

1. Summary of Significant Accounting Policies (continued)

G. Prepaid Items

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

H. Inventories

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

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $50,000 for infrastructure and $10,000 for equipment and vehicles (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending and has reported infrastructure assets as of January 1, 2002, consistent with the retroactive reporting requirements of GASB Statement No. 34.

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

1. Summary of Significant Accounting Policies (continued)

I. Capital Assets, continued

The City has recorded intangible right-to-use assets as a result of implementing GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any payments made prior to the lease or subscription term, less lease or subscription incentives, and plus ancillary charges necessary to place the lease or subscription into service. The intangible right-to-use assets are amortized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or life of the related lease or subscription.

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

Assets	Useful Life in Years
Buildings and improvements	10-50
Equipment	3-10
Infrastructure	20-40
Water distribution system general	20-30
Water system plant	15-30
Wastewater treatment plant	20-30
Intangible right-to-use assets	
Software	5-10

J. Deferred Outflows / Inflows of Resources

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

1. Summary of Significant Accounting Policies (continued)

J. Deferred Outflows / Inflows of Resources, continued

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

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

K. Compensated Absences

PTO (paid time off) leave is awarded to each eligible employee in an amount based on years of employment during the first full pay period of January of each year. Upon separation or retirement employees will be compensated for earned PTO leave during a calendar year on a pro-rated basis. Any PTO leave balances remaining after December 31st will be forfeited without compensation. At the time of adoption of the current PTO leave system, employees were given a one-time option to bank any unused accumulated vacation or sick leave time at their current rate of pay. In accordance with GASB Statement No. 101, *Compensated Absences*, a liability for these prior year banked leave amounts are reflected on the government-wide and proprietary fund financial statements.

1. Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations

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

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

M. Fund Equity and Net Position

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

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

1. Summary of Significant Accounting Policies (continued)

M. Fund Equity and Net Position, continued

Fund balances are classified as follows:

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

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

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

M. Fund Equity and Net Position, continued

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

N. Management Estimates

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

O. Interfund Transactions

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

1. Summary of Significant Accounting Policies (continued)

P. Budgets

An operating budget is legally adopted each fiscal year for the general, special revenue, and capital projects funds. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year-end. Generally, on or before the third Tuesday in October of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before the third Tuesday in November, the proposed budget is presented to the City Council for review. The Council holds public hearings and a final budget is adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriation within a department. Transfers of appropriations between departments require the approval of City Council. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the department level. The City made certain supplemental appropriations during the year based on revenues received in excess of budgeted amounts.

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

2. Deposit and Investment Risk

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

2. Deposit and Investment Risk (continued)

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

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

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

Foreign currency risk

The City has no investments denominated in a foreign currency.

The City participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Assets in this pool are invested in the Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Fitch's criteria for AAAf rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

The Georgia Fund 1 is rated AAAf/S1 by Fitch. The weighted average maturity at the end of the current year was 27 days. At the end of the current year, the City's balance in Georgia Fund 1 was $5,036,997.

3. Accounts Receivable

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

Primary Government:		
Major Funds		
General Fund	$ 127,317	
Less: Allowance for Uncollectible Accounts	(27,304)	$ 100,013
Water and Sewer Enterprise Fund	3,909,201	
Less: Allowance for Uncollectible Accounts	(751,933)	3,157,268
Total primary government		$ 3,257,281

4. Intergovernmental Receivables

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

Primary Government:	
Major Funds	
General Fund	$ 78,931
SPLOST Capital Projects Fund	614,824
Water and Sewer Enterprise Fund	2,595,134
Total primary government	$ 3,288,889

5. Leases Receivable

In prior years, the City entered into four leases with restaurant, retail, and professional services companies for the right to use buildings in the downtown area and forty leases with restaurant, retail, and professional services companies for the right to use buildings in the City Center. During the current year, the City entered into four leases with restaurant, retail, and professional services companies for the right to use buildings in the City Center. The lease terms vary between 36 and 252 months and provide options for extensions. Monthly payments on the leases vary between $445 and $16,000 and provide for annual escalations. Leases receivable are measured as the present value of the future minimum rent payments expected to be received during the lease terms at imputed discount rates ranging between 0.31% and 3.39%. During the current year, the City provided a rent holiday to all tenants at the City Center by reducing the monthly rent amount for February, March and April by 50% and modified five lease agreements by amending the payment terms. Also during the current year, six leases were terminated and a loss of $41,400 was recognized.

At the end of the current year, leases receivable and the related deferred inflows of resources total $8,510,314 and $7,957,653 respectively. During the current year, the City recognized $2,017,862 of lease revenue (reported as rental and lease revenue on the statement of revenues, expenses, and changes in net position) and $173,888 of interest revenue under the leases.

6. Interfund Receivables, Payables, and Transfers

The composition of interfund balances at the end of the current year is as follows:

Receivable Fund	Payable Fund	Amount
General	Water and Sewer	$ 5,487,088
	Downtown Development Authority	2,323,818
	Nonmajor Governmental	300
Capital Projects	General	83,052
Water and Sewer	General	1,735
	SPLOST	471,444
Nonmajor Governmental	General	1,271,703
	Water and Sewer	105,268
		$ 9,744,408

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

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

A summary of interfund transfers for the current year is as follows:

Transfer Out Fund	Transfer In Fund	Amount
General	SPLOST	$ 250,000
	Capital Projects	4,454,741
	Downtown Development Authority	2,676,179
Water and Sewer	General	2,000,000
	Capital Projects	1,250,000
	Downtown Development Authority	627,792
Downtown Development Authority	Capital Projects	1,343,672
Nonmajor Governmental	Capital Projects	46,000
		$ 12,648,384

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) move cash from capital project funds to pay for debt service of other funds used to advance the construction costs of capital projects.

7. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Nondepreciable assets				
Land	$ 11,109,685	$ 0	$ 0	$ 11,109,685
Construction in progress	692,235	11,514,951	(4,483,690)	7,723,496
Total nondepreciable assets	11,801,920	11,514,951	(4,483,690)	18,833,181
Depreciable assets				
Buildings	38,478,149	916,562	0	39,394,711
Improvements other than buildings	8,469,150	0	0	8,469,150
Equipment	5,779,742	471,898	0	6,251,640
Infrastructure	101,915,905	6,401,339	0	108,317,244
Total depreciable assets	154,642,946	7,789,799	0	162,432,745
Accumulated depreciation				
Buildings	(14,246,549)	(983,838)	0	(15,230,387)
Improvements other than buildings	(4,482,198)	(268,708)	0	(4,750,906)
Equipment	(4,794,094)	(406,361)	0	(5,200,455)
Infrastructure	(51,002,439)	(3,387,031)	0	(54,389,470)
Total accumulated depreciation	(74,525,280)	(5,045,938)	0	(79,571,218)
Total depreciable assets, net	80,117,666	2,743,861	0	82,861,527
Governmental activities capital assets, net	$ 91,919,586	$ 14,258,812	$ (4,483,690)	$ 101,694,708

Decreases in construction in progress for the governmental activities consist of projects placed in service in the amount of $4,483,690.

7. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Nondepreciable assets				
Land	$ 13,754,055	$ 87,000	$ (127,792)	$ 13,713,263
Construction in progress	26,745,547	6,338,417	(13,508,371)	19,575,593
Total nondepreciable assets	40,499,602	6,425,417	(13,636,163)	33,288,856
Depreciable/amortizable assets				
Buildings	90,498,227	3,923,285	0	94,421,512
Improvements other than buildings	1,611,738	0	0	1,611,738
Water distribution system general	89,407,549	7,699,217	0	97,106,766
Water system plant	60,393,525	0	0	60,393,525
Wastewater treatment plant	103,646,135	5,877,843	0	109,523,978
Stormwater system	2,587,491	43,324	0	2,630,815
Equipment	4,729,238	1,492,043	(121,237)	6,100,044
Intangible right-to-use assets				
Software	404,588	0	0	404,588
Total depreciable/amortizable assets	353,278,491	19,035,712	(121,237)	372,192,966
Accumulated depreciation/amortization				
Buildings	(4,026,852)	(2,405,063)	0	(6,431,915)
Improvements other than buildings	(23,505)	(40,293)	0	(63,798)
Water distribution system general	(46,706,584)	(3,914,667)	0	(50,621,251)
Water system plant	(38,947,358)	(2,218,505)	0	(41,165,863)
Wastewater treatment plant	(56,184,082)	(4,641,238)	0	(60,825,320)
Stormwater system	(251,726)	(130,638)	0	(382,364)
Equipment	(3,110,923)	(503,469)	121,237	(3,493,155)
Intangible right-to-use assets				
Software	(37,087)	(40,459)	0	(77,546)
Total accumulated depreciation/amortization	(149,288,117)	(13,894,332)	121,237	(163,061,212)
Total depreciable/amortizable assets, net	203,990,374	5,141,380	0	209,131,754
Business-type activities capital assets, net	$ 244,489,976	$ 11,566,797	$ (13,636,163)	$ 242,420,610

Decreases in construction in progress for the business-type activities consist of projects placed in service in the amount of $13,508,371.

7. Capital Assets (continued)

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

Governmental activities	
General Government	$ 195,645
Public Safety	218,299
Public Works	3,302,267
Culture and Recreation	1,323,017
Housing and Development	6,710
Total depreciation and amortization expense for governmental activities	$ 5,045,938
Business-type activities	
Water and Sewer	$ 11,735,536
Downtown Development Authority	2,158,796
Total depreciation and amortization expense for business-type activities	$ 13,894,332

8. Long-Term Liabilities

Business-Type Activities

Subscriptions Payable

In February 2023, the City entered into a subscription-based information technology arrangement (SBITA) with a vendor for software. The subscription requires ten annual payments varying between $36,750 and $57,672 beginning February 1, 2023. The subscription liability was measured at a discount rate of 3.053%.

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

Year Ending December 31,	Principal	Interest	Total
2025	$ 30,606	$ 10,381	$ 40,987
2026	33,588	9,447	43,035
2027	36,767	8,421	45,188
2028	40,148	7,299	47,447
2029	43,746	6,073	49,819
2030-2032	155,179	9,732	164,911
Totals	$ 340,034	$ 51,353	$ 391,387

8. Long-Term Liabilities (continued)

Business-Type Activities, continued

Notes from Direct Borrowings

The City has entered into promissory notes with the Georgia Environmental Finance Authority to borrow funds for construction of various water and sewer system projects. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Principal and interest payments are secured by revenues on fees and charges collected by the City. The notes are still in the draw down phase. Therefore, a future payment schedule has not been established. The notes from direct borrowings, including their maximum original balances, are as follows at the end of the current year:

Interest Rate	Term	Due Date	Maximum Original Balance	Balance to Date
0.13%	20 years	2044	$ 14,000,000	$ 4,800,059
0.13%	20 years	2045	17,000,000	1,895,445
0.13%	20 years	2045	26,229,100	2,063,712
1.24%	5 years	2029	960,000	811,544
1.90%	20 years	2046	6,440,000	421,984
1.92%	20 years	2046	19,000,000	1,199,487
			$ 83,629,100	$ 11,192,231

8. Long-Term Liabilities (continued)

Business-Type Activities, continued

Bonds from Direct Placements

Downtown Development Authority Revenue Bonds: In June 2022, the Downtown Development Authority of Cumming, Georgia issued $12,500,000 Downtown Development Authority of Cumming, Georgia Tax-Exempt Revenue Bond (Cumming City Center Project), Series 2022A and $9,500,000 Downtown Development Authority of Cumming, Georgia Taxable Revenue Bond (Cumming City Center Project), Series 2022B. The Series 2022A bonds bear interest at 2.82% with monthly payments of interest due until monthly payments of principal and interest begin in April 2027. $12,395,434 has been drawn on the bonds at the end of the current year. However, the entire principal balance is expected to be drawn on the bond. The Series 2022B bonds bear interest at 3.66% with monthly payments of interest due until monthly payments of principal begin in April 2027 with a final payment of principal and accrued interest due on April 1, 2027. The bonds were issued for the purpose of (a) financing the completion of the construction of the Cumming City Center and (b) paying the costs of issuing the bonds. Principal and interest payments on the bonds are secured by payments from the City on an intergovernmental installment sale agreement between the City and the Downtown Development Authority. The City has agreed to levy an ad valorem tax sufficient to pay the installment sale agreement to the extent such installment sale agreement payments are not satisfied from other legally available funds of the City.

Bonds from direct placements currently outstanding mature as follows:

Year Ending December 31,	Principal	Interest	Total
2025	$ 2,444,440	$ 357,396	$ 2,801,836
2026	2,444,444	357,396	2,801,840
2027	2,240,741	1,043,789	3,284,530
2028	2,444,444	206,720	2,651,164
2029	2,444,444	277,425	2,721,869
2030-2032	5,802,847	211,076	6,013,923
Totals	$ 17,821,360	$ 2,453,802	$ 20,275,162

8. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	$ 29,977	$ 2	$ 0	$ 29,979	$ 2,998
Business-type activities					
Compensated absences	$ 54,253	$ 0	$ (7,219)	$ 47,034	$ 4,703
Subscriptions payable	367,838	0	(27,804)	340,034	30,606
Notes from direct borrowings	7,052,594	4,139,637	0	11,192,231	0
Bonds from direct placements	20,265,804	0	(2,444,444)	17,821,360	2,444,440
Total business-type activities	$ 27,740,489	$ 4,139,637	$ (2,479,467)	$ 29,400,659	$ 2,479,749

For governmental activities, compensated absences are liquidated by the General Fund. The total interest incurred and charged to expense for the current year was $623,255 for the business-type activities.

9. Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities
Cost of capital assets	$ 181,265,926	$ 405,481,822
Accumulated depreciation	(79,571,218)	(163,061,212)
Book value	101,694,708	242,420,610
Capital-related accounts payable	(95,710)	(908,215)
Retainages payable	(205,853)	(33,613)
Subscriptions payable	0	(340,034)
Notes payable	0	(11,192,231)
Bonds payable	0	(17,821,360)
Unspent debt proceeds	0	1,606,516
Net investment in capital assets	$ 101,393,145	$ 213,731,673

10. Pension Plans

Defined Benefit Pension Plan

Plan Description. The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Cumming Retirement Plan) covering all full-time employees (effective 1/1/15, the one year of service waited period was eliminated). The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. Participants are not allowed to contribute to the Plan. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

At July 1, 2024, the date of the most recent actuarial valuation, there were 285 participants consisting of the following:

Active participants	148
Vested terminated participants	77
Retired participants and beneficiaries	60
Total number of participants	285

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Benefits Provided. As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. Eligibility for participation is available immediately beginning with the date of employment for all full-time employees. Elected officials are covered by the Plan. City employees may retire at age 55 under the early retirement provision if they have completed ten years of service. Normal retirement age is age 65. Benefits are payable for life in an amount equal to 1.50 percent of annual salary up to the dynamic breakpoint (DBP) plus 2.00 percent of annual salary over the DBP multiplied by years of service. The DBP is subject to annual change. Benefits are based on the final average salary which is computed using the highest five consecutive years of the last ten years.

Contributions. The plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted an actuarial funding policy for the plan which meets the state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan, as adopted by the City Council, is to contribute an amount equal to or greater than the recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by the plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's contributions to the plan for the current year totaled $972,030, or 10.11% of covered payroll. Employees do not contribute to the plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current year, the City reported a net pension liability of $2,358,062. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. For the current year, the City recognized pension expense of $741,559.

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at March 31, 2023	$ 28,662,593	$ 24,190,418	$ 4,472,175
Changes for the year:			
Service cost	382,100	0	382,100
Interest	2,099,220	0	2,099,220
Differences between expected and actual experience	407,306	0	407,306
Contributions—employer	0	972,030	(972,030)
Net investment income	0	4,060,749	(4,060,749)
Benefit payments, including refunds of employee contributions	(1,161,394)	(1,161,394)	0
Administrative expense	0	(30,040)	30,040
Net changes	1,727,232	3,841,345	(2,114,113)
Balances at March 31, 2024	$ 30,389,825	$ 28,031,763	$ 2,358,062

Plan fiduciary net position as a percentage of the total pension liability	92.24%
Covered payroll	$ 8,664,432
Employer's net pension liability as a percentage of covered payroll	27.22%

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	$ 720,945	$ 0
Differences between expected and actual experience	1,701,572	0
Net difference between projected and actual earnings on pension plan investments	0	(1,867,224)
Totals	$ 2,422,517	$ (1,867,224)

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The $720,945 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31,	
2025	$ (589,041)
2026	507,944
2027	372,404
2028	(456,959)
Totals	$ (165,652)

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

Inflation	2.25%
Projected salary increases	2.25% plus service based merit increases
Cost of living adjustments	2.10% for participants terminated after April 1, 2000
Net investment rate of return	7.375%

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

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

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.91%
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 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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

	Discount Rate	Net Pension Liability
1% decrease	6.375%	$ 6,072,423
Current discount rate	7.375%	2,358,062
1% increase	8.375%	(750,721)

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

Other Plan

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

11. Deferred Compensation Plan

The City of Cumming offers its employees a deferred compensation plan (the City of Cumming Savings and Retirement Plan) created in accordance with Internal Revenue Code Section 457. The Mayor and Council established this defined contribution plan and Ameritas administers the plan. Full-time City employees are eligible and participation is optional. Employees' contributions are vested immediately. During the current year, employee contributions totaled $130,448.

12. Postemployment Benefits Other Than Pensions

Plan Description. The City of Cumming Other Postemployment Benefits Plan (the OPEB Plan) is an agent multiple-employer defined benefit medical, dental, and prescription drug plan. The OPEB Plan is administered through the Georgia Municipal Employees Benefit System (GMEBS), an agent-multiple employer OPEB Plan administered by the Georgia Municipal Association (GMA). The benefit levels, employee contributions, and employer contributions are governed by the City and can be amended by the City Council. The City participates in the GMEBS OPEB Trust, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The GMEBS OPEB Trust issues separate financial statements that may be obtained by contacting the administrator, Georgia Municipal Association (GMA), The Burgess Building, 201 Pryor Street, SW, Atlanta, Georgia 30303.

At July 1, 2023, there were 173 participants consisting of the following:

Retired members or beneficiaries currently receiving benefits	33
Vested terminated members entitled to but not yet receiving benefits	0
Active members	140
Total number of participants	173

12. Postemployment Benefits Other Than Pensions (continued)

Benefits Provided. The City provides medical, prescription drug, and dental benefits to employees that retire at age 55 with service greater than or equal to 10 if hired on or before January 1, 2017, or at age 55 with service greater than or equal to 25 if hired after January 1, 2017. Employees must be fully vested in the GMEBS Retirement Plan and have been on the health plan for five years. Employees who retire before age 62 contribute 100% of the premium attributable to the spouse if they cover their spouse. Employees who retire at age 62 or older contribute 50% of the premium attributable to the spouse for five years if they cover their spouse. After Medicare eligibility, the City provides a $7,316 contribution to an HRA for each retiree.

Contributions. The City has elected to advance fund the OPEB Plan. The City's contributions totaled $733,000, or 7.63% of covered employee payroll, for the current year. The City provides for the benefits and funding policy through resolution and maintains the authority to change the policy. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS.

OPEB Liabilities (Assets), OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. At the end of the current year, the City reported a net OPEB asset of $2,767,763. The net OPEB asset was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation using data as of July 1, 2023. For the current year, the City recognized OPEB expense (income) of ($208,801).

12. Postemployment Benefits Other Than Pensions (continued)

The components of the net OPEB liability (asset) are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at December 31, 2022	$ 8,837,666	$9,386,347	$ (548,681)
Changes for the year:			
Service cost	213,552	0	213,552
Interest	655,552	0	655,552
Differences between expected and actual experience	15,709	0	15,709
Changes of assumptions	(835,784)	0	(835,784)
Contributions-employer	0	733,000	(733,000)
Net investment income	0	1,556,824	(1,556,824)
Benefit payments, including refunds of member contributions	(330,628)	(330,628)	0
Administrative expense	0	(21,713)	21,713
Net changes	(281,599)	1,937,483	(2,219,082)
Balances at December 31, 2023	$ 8,556,067	$11,323,830	$ (2,767,763)

Plan fiduciary net position as a percentage of the total OPEB liability	132.35%
Covered employee payroll	$ 7,900,545
Plan net OPEB liability (asset) as a percentage of covered employee payroll	-35.03%

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	$ 733,000	$ 0
Changes of assumptions	641,104	(1,158,875)
Differences between expected and actual experience	13,090	(217,571)
Net difference between projected and actual earnings on OPEB plan investments	328,590	0
Totals	$ 1,715,784	$ (1,376,446)

The $733,000 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent year.

12. Postemployment Benefits Other Than Pensions (continued)

Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending December 31,	
2025	$ (221,554)
2026	(89,156)
2027	265,571
2028	(211,846)
2029	(136,677)
Totals	$ (393,662)

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

Inflation	2.25%
Projected salary increases	2.25% plus service based merit increases
Actuarial cost method	Entry age normal level percent of pay
Discount rate	7.375%
Healthcare cost trend rates	Medical: 6.50% trend down to 4.50% over 8 years Medical over 65: 3.00% per year Dental, administrative costs: 0% in the first year, then 3.00% per year
Healthy mortality rates	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25
Disabled mortality rates	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25
Amortization method	Closed 25 years, level dollar
Remaining amortization period	10 years
Asset valuation method	Market value

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 to June 30, 2019.

12. Postemployment Benefits Other Than Pensions (continued)

Development of Long-Term Rate. The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.60%
International equity	20%	670.00%
Domestic fixed income	20%	1.80%
Real estate	10%	3.40%
Global fixed income	5%	3.70%
Total	100%	

Discount Rate. The discount rate used to measure the Total OPEB liability was 7.375%. The projection of cash flows used to determine the discount rate assume that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all projected benefit payments of current plan members.

12. Postemployment Benefits Other Than Pensions (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (6.375%) or one percentage-point higher (8.375%) than the current rate. Also shown is the net OPEB liability as if it were calculated using healthcare cost trend rates that were one percentage-point lower or one percentage-point higher than the current healthcare trend rates:

Discount Rate		Net OPEB Liability (Asset)
1% decrease	6.375%	$ (1,812,637)
Current discount rate	7.375%	(2,767,763)
1% increase	8.375%	(3,576,960)

Healthcare Cost Trend Rates	Net OPEB Liability (Asset)
1% decrease	$ 3,676,037
Current discount rate	(2,767,763)
1% increase	(1,682,248)

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

13. Hotel/Motel Lodging Tax

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

Lodging tax receipts	$ 31,779	
Disbursements for the promotion of		
tourism, conventions, and trade shows	$ 31,779	100% of tax receipts
Transfers to the General Fund	$ 0	0% of tax receipts

14. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the Greater Atlanta Metropolitan area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto. Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the ARC financial statements can be obtained from Atlanta Regional Commission, 40 Courtland Street, N.E., Atlanta, GA 30303.

15. Risk Management

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

The City participates in the Georgia Municipal Association Group Workers' Compensation Self-Insurance Fund (GMA) public entity risk pool currently operating as common risk management and insurance program for member local governments.

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

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

15. Risk Management (continued)

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

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

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

16. Commitments and Contingencies

Contractual Commitments

At the end of the current year, contractual commitments on uncompleted contracts were $22,280,683.

Litigation

The City is a defendant in several lawsuits in the ordinary course of business. The City's legal counsel believes that any potential loss is undeterminable at this point. The City intends to vigorously contest each lawsuit.

16. Commitments and Contingencies (continued)

Grant Contingencies

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

17. New Accounting Pronouncements

The City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*, effective for the City's current year. The requirements of this statement are effective for periods beginning after June 15, 2023. The impact of this statement is described in Note 18, Changes in Beginning Balances.

The City implemented GASB Statement No. 101, *Compensated Absences*, effective for the City's current year. The requirements of this statement are effective for periods beginning after December 15, 2023. The implementation of this new standard had no impact on the City's net position.

18. Changes in Beginning Balances

Governmental Activities

General Fund

Error Correction

The Cumming PD Foundation, Inc. was reported incorrectly as a blended component unit in previous years. Beginning fund balance in the General Fund decreased by $37,378 as a result of this error correction.

18. Changes in Beginning Balances (continued)

Governmental Activities, continued

Capital Projects Fund

Changes To or Within Financial Reporting Entity

The City changed the presentation of the Capital Projects Fund from nonmajor fund presentation to major fund presentation during the current fiscal year.

Business-Type Activities

Downtown Development Authority Enterprise Fund

Error Correction

The City corrected the previously reported balances of leases receivable and deferred inflows of resources related to leases. Beginning net position in the Downtown Development Authority Enterprise Fund decreased by $26,324 as a result of this error correction.

Discretely Presented Component Units

Cumming PD Foundation, Inc.

Error Correction

The Cumming PD Foundation, Inc. was reported incorrectly as a blended component unit in previous years. Beginning net position in the Cumming PD Foundation, Inc. increased by $37,378 as a result of this error correction.

18. Changes in Beginning Balances (continued)

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

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances			
	Funds			
	General	Capital Projects	Nonmajor Governmental	Downtown Development Authority
January 1, 2024 (as previously reported)	$ 10,084,549	$ 0	$ 2,947,943	$ 67,245,461
Change from nonmajor to major fund	0	157,266	(157,266)	0
Error correction	(37,378)	0	0	(26,324)
January 1, 2024 (as restated)	$ 10,047,171	$ 157,266	$ 2,790,677	$ 67,219,137

	Government-Wide		Component Units
	Governmental Activities	Business-Type Activities	Cumming PD Foundation, Inc.
January 1, 2024 (as previously reported)	$ 106,712,634	$ 229,669,207	$ 0
Change from nonmajor to major fund	0	0	0
Error correction	(37,378)	(26,324)	37,378
January 1, 2024 (as restated)	$ 106,675,256	$ 229,642,883	$ 37,378

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CUMMING, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
December 31, 2024
(Unaudited)

	Fiscal Year End									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total pension liability										
Service cost	$ 382,100	$ 405,727	$ 395,135	$ 392,575	$ 338,975	$ 308,279	$ 322,679	$ 296,343	$ 286,083	$ 297,936
Interest	2,099,220	1,982,912	1,846,906	1,734,574	1,648,430	1,529,419	1,404,641	1,301,535	1,209,216	1,138,867
Differences between expected and actual experience	407,306	290,258	525,292	259,544	625,837	507,906	904,993	283,511	147,575	(130,682)
Changes of assumptions	0	0	0	0	0	0	0	0	0	(59,699)
Benefit payments, including refunds of employee contributions	(1,161,394)	(995,044)	(872,514)	(859,699)	(802,167)	(776,813)	(578,193)	(523,781)	(379,549)	(297,822)
Other	0	0	0	0	(295,325)	0	4,767	0	0	0
Net change in total pension liability	1,727,232	1,683,853	1,894,819	1,526,994	1,515,750	1,568,791	2,058,887	1,357,608	1,263,325	948,600
Total pension liability - beginning	28,662,593	26,978,740	25,083,921	23,556,927	22,041,177	20,472,386	18,413,499	17,055,891	15,792,566	14,843,966
Total pension liability - ending (a)	$ 30,389,825	$ 28,662,593	$ 26,978,740	$ 25,083,921	$ 23,556,927	$ 22,041,177	$ 20,472,386	$ 18,413,499	$ 17,055,891	$ 15,792,566
Plan fiduciary net position										
Contributions - employer	$ 972,030	$ 1,022,371	$ 862,773	$ 852,620	$ 743,824	$ 629,899	$ 555,865	$ 509,907	$ 508,484	$ 491,544
Net investment income	4,060,749	(1,726,059)	1,488,740	7,643,814	(1,280,864)	639,913	1,972,912	1,773,500	45,252	1,226,368
Benefit payments, including refunds of employee contributions	(1,161,394)	(995,044)	(872,514)	(859,699)	(802,167)	(776,813)	(578,193)	(523,781)	(379,549)	(297,822)
Administrative expense	(30,040)	(34,986)	(31,008)	(29,394)	(31,753)	(29,659)	(28,169)	(28,261)	(20,096)	(18,200)
Net change in plan fiduciary net position	3,841,345	(1,733,718)	1,447,991	7,607,341	(1,370,960)	463,340	1,922,415	1,731,365	154,091	1,401,890
Plan fiduciary net position - beginning	24,190,418	25,924,136	24,476,145	16,868,804	18,239,764	17,776,424	15,854,009	14,122,644	13,968,553	12,566,663
Plan fiduciary net position - ending (b)	$ 28,031,763	$ 24,190,418	$ 25,924,136	$ 24,476,145	$ 16,868,804	$ 18,239,764	$ 17,776,424	$ 15,854,009	$ 14,122,644	$ 13,968,553
Net pension liability - ending : (a) - (b)	$ 2,358,062	$ 4,472,175	$ 1,054,604	$ 607,776	$ 6,688,123	$ 3,801,413	$ 2,695,962	$ 2,559,490	$ 2,933,247	$ 1,824,013
Plan's fiduciary net position as a percentage of the total pension liability	92.24%	84.40%	96.09%	97.58%	71.61%	82.75%	86.83%	86.10%	82.80%	88.45%
Covered payroll	$ 8,664,432	$ 8,175,055	$ 8,425,899	$ 8,025,559	$ 7,791,058	$ 7,179,461	$ 6,705,563	$ 6,515,819	$ 6,100,315	$ 5,748,609
Net pension liability as a percentage of covered payroll	27.22%	54.71%	12.52%	7.57%	85.84%	52.95%	40.20%	39.28%	48.08%	31.73%

See accompanying notes to the required supplementary information.

CITY OF CUMMING, GEORGIA
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS
December 31, 2024
(Unaudited)

	Fiscal Year End									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarially determined contribution	$ 972,030	$ 975,620	$ 934,159	$ 942,773	$ 822,569	$ 717,575	$ 600,674	$ 540,929	$ 499,567	$ 511,456
Contributions in relation to the actuarially determined contribution	(972,030)	(975,620)	(934,159)	(942,773)	(822,569)	(717,575)	(600,674)	(540,929)	(499,567)	(511,456)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 9,611,626	$ 8,033,720	$ 8,175,055	$ 8,425,899	$ 8,025,559	$ 7,791,058	$ 6,605,412	$ 6,409,937	$ 6,001,185	$ 6,175,299
Contributions as a percentage of covered payroll	10.11%	12.14%	11.43%	11.19%	10.25%	9.21%	9.09%	8.44%	8.32%	8.28%

See accompanying notes to the required supplementary information.

CITY OF CUMMING, GEORGIA
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
December 31, 2024
(Unaudited)

	Fiscal Year End						
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Total OPEB liability							
Service cost	$ 213,552	$ 210,038	$ 173,168	$ 169,368	$ 320,306	$ 311,847	$ 307,617
Interest	655,552	638,719	524,334	492,431	579,972	534,172	491,521
Change of benefit terms	0	(9,892)	0	0	(217,173)	0	0
Differences between expected and actual experience	15,709	(168,657)	(81,357)	(42,662)	(141,250)	(57,024)	(44,815)
Changes of assumptions	(835,784)	(153,609)	1,121,932	0	(1,259,940)	0	0
Benefit payments, including refunds of member contributions	(330,628)	(254,452)	(194,545)	(186,320)	(190,792)	(182,785)	(193,459)
Net change in total OPEB liability	(281,599)	262,147	1,543,532	432,817	(908,877)	606,210	560,864
Total OPEB liability - beginning	8,837,666	8,575,519	7,031,987	6,599,170	7,508,047	6,901,837	6,340,973
Total OPEB liability - ending (a)	$ 8,556,067	$ 8,837,666	$ 8,575,519	$ 7,031,987	$ 6,599,170	$ 7,508,047	$ 6,901,837
Plan fiduciary net position							
Contributions - employer	$ 733,000	$ 733,000	$ 733,000	$ 733,000	$ 733,000	$ 733,000	$ 4,559,959
Net investment income	1,556,824	(1,622,630)	1,426,366	1,189,443	1,216,712	(283,585)	520,578
Benefit payments, including refunds of member contributions	(330,628)	(254,452)	(194,545)	(186,320)	(190,792)	(182,785)	(193,459)
Administrative expense	(21,713)	(18,040)	(18,512)	(25,094)	(1,634)	(15,431)	(4,432)
Net change in plan fiduciary net position	1,937,483	(1,162,122)	1,946,309	1,711,029	1,757,286	251,199	4,882,646
Plan fiduciary net position - beginning	9,386,347	10,548,469	8,602,160	6,891,131	5,133,845	4,882,646	0
Plan fiduciary net position - ending (b)	$ 11,323,830	$ 9,386,347	$ 10,548,469	$ 8,602,160	$ 6,891,131	$ 5,133,845	$ 4,882,646
Net OPEB liability (asset) - ending : (a) - (b)	$ (2,767,763)	$ (548,681)	$ (1,972,950)	$ (1,570,173)	$ (291,961)	$ 2,374,202	$ 2,019,191
Plan's fiduciary net position as a percentage of the total OPEB liability	132.35%	106.21%	123.01%	122.33%	104.42%	68.38%	70.74%
Covered employee payroll	$ 7,900,545	$ 8,615,482	$ 8,425,899	$ 8,025,559	$ 7,791,058	$ 6,605,412	$ 6,409,937
Net OPEB liability (asset) as a percentage of covered employee payroll	-35.03%	-6.37%	-23.42%	-19.56%	-3.75%	35.94%	31.50%

Note: Fiscal year 2018 was the first year of implementation. Therefore, years prior are not reported.

See accompanying notes to the required supplementary information.

CITY OF CUMMING, GEORGIA
SCHEDULE OF OPEB CONTRIBUTIONS
LAST TEN FISCAL YEARS
December 31, 2024
(Unaudited)

	Fiscal Year End						
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Actuarially determined contribution	$ 176,429	$ 221,427	$ 217,796	$ 179,521	$ 175,613	$ 592,023	$ 529,763
Contributions in relation to the actuarially determined contribution	(733,000)	(733,000)	(733,000)	(733,000)	(733,000)	(733,000)	(733,000)
Contribution deficiency (excess)	$ (556,571)	$ (511,573)	$ (515,204)	$ (553,479)	$ (557,387)	$ (140,977)	$ (203,237)
Covered employee payroll	$ 9,611,636	$ 8,033,720	$ 8,175,055	$ 8,425,899	$ 8,025,559	$ 7,791,058	$ 6,605,412
Contributions as a percentage of covered employee payroll	7.63%	9.12%	8.97%	8.70%	9.13%	9.41%	11.10%

Note: Fiscal year 2018 was the first year of implementation. Therefore, years prior are not reported.

See accompanying notes to the required supplementary information.

Pension Plan

1. Valuation Date

The actuarially 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 rate will be reported for the year ending December 31, 2025.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 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 end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.375%

Projected salary increases = 2.25% plus service-based merit increases

Cost of living adjustments = 2.10% for participants terminated after April 1, 2000

Retirement age for inactive vested participants = 65

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

Pension Plan (continued)

3. Changes in Benefits

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

4. Changes of Assumptions

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

OPEB Plan

1. Valuation Date

The actuarially determined contribution rates are calculated as of December 31, 2023 and adjusted for timing.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry age normal level percent of pay

Amortization method = Closed 25 years, level dollar

Remaining amortization period = 10 years

Asset valuation method = Market value

Projected salary increases = 2.25% plus service-based merit increases

Inflation = 2.25%

Discount rate = 7.375%

Healthcare cost trend rates = Medical: 6.50% trend down to 4.50% over 8 years
Medical over 65: 3.00% per year
Dental, administrative costs: 0% the first year, then 3.00% per year

OPEB Plan (continued)

2. Methods and Assumptions Used to Determine Contribution Rates (continued)

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

3. Changes in Benefits

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

4. Changes of Assumptions

Trend rates were updated to reflect recent experience and changes in projections.

Actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender and status.

COMBINING STATEMENTS

Nonmajor Governmental Funds

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

	Special Revenue	Capital Projects	
	Hotel/Motel Tax	Impact Fee	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 0	$ 2,108,860	$ 2,108,860
Taxes receivable	3,305	0	3,305
Due from other funds	0	1,376,971	1,376,971
Total assets	$ 3,305	$ 3,485,831	$ 3,489,136
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 3,005	$ 663	$ 3,668
Due to other funds	300	0	300
Total liabilities	3,305	663	3,968
Fund balances			
Restricted for capital outlay	0	3,485,168	3,485,168
Total liabilities and fund balances	$ 3,305	$ 3,485,831	$ 3,489,136

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

	Special Revenue	Capital Projects		
	Hotel/Motel Tax	Formerly Nonmajor Capital Projects	Impact Fee	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 31,779		$ 0	$ 31,779
Charges for services	0		2,501,670	2,501,670
Interest	0		38,388	38,388
Total revenues	31,779		2,540,058	2,571,837
EXPENDITURES				
Current				
Housing and development	31,779		0	31,779
Capital outlay	0		1,799,567	1,799,567
Total expenditures	31,779		1,799,567	1,831,346
Excess (deficiency) of revenues over (under) expenditures	0		740,491	740,491
Other financing sources (uses)				
Transfers out	0		(46,000)	(46,000)
Net change in fund balances	0		694,491	694,491
Fund balances, January 1, as previously reported	0	157,266	2,790,677	2,947,943
Changes within financial reporting entity	0	(157,266)	0	(157,266)
Fund balances, January 1, as restated	0		2,790,677	2,790,677
Fund balances, December 31	$ 0		$ 3,485,168	$ 3,485,168

CITY OF CUMMING, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2024

	Budget	Actual	Variance
REVENUES			
Taxes	$ 31,800	$ 31,779	$ (21)
Total revenues	31,800	31,779	(21)
EXPENDITURES			
Current			
Housing and development	31,800	31,779	21
Total expenditures	31,800	31,779	21
Net change in fund balances	0	0	0
Fund balances, January 1	0	0	0
Fund balances, December 31	$ 0	$ 0	$ 0

SINGLE AUDIT SECTION

This page intentionally left blank.

RUSHTON
ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and
Members of the City Council
City of Cumming, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Cumming, Georgia, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise City of Cumming, Georgia's basic financial statements and have issued our report thereon dated June 23, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Cumming, 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 Cumming, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Cumming, 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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 accompany schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Cumming, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Cumming, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on City of Cumming, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Cumming, 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 City of Cumming, Georgia's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton, LLC

Gainesville, Georgia
June 23, 2025

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and
Members of the City Council
City of Cumming, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Cumming, 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 Cumming, Georgia's major federal programs for the year ended December 31, 2024. City of Cumming, 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 Cumming, Georgia complied, in all material respects, with the types of 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 Cumming, 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 Cumming, 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 Cumming, 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 Cumming, 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 for 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 Cumming, 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 Cumming, 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 Cumming, 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 Cumming, 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.

Report on Internal Control over Compliance

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Rushton, LLC

Gainesville, Georgia
June 23, 2025

CITY OF CUMMING, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2024

Federal Grant/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Number	Expenditures
United States Environmental Protection Agency			
Passed through the Georgia Environmental Finance Authority:			
Capitalization Grants for Clean Water State Revolving Fund	66.458	CW2021013	$ 878,102
		CW2023005	274,242
		CW2024005	811,544
Total Capitalization Grants for Clean Water State Revolving Fund			1,963,888
Passed through the Georgia Environmental Finance Authority:			
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DW2021018	367,312
		DW2022025	686,200
		DW2023006	1,122,237
		DWLSL2023037	40,891
Total Capitalization Grants for Drinking Water State Revolving Fund			2,216,640
Total United States Environmental Protection Agency			4,180,528
Total Expenditures of Federal Awards			$ 4,180,528

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

CITY OF CUMMING, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Cumming, Georgia, under programs for the federal government for the 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 this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. 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 in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. De Minimis Indirect Cost Rate

City of Cumming, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

4. Payments to Subrecipients

For the current year, City of Cumming, Georgia did not pass federal funds through to subrecipients.

CITY OF CUMMING, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2024

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	None reported

B. Federal Awards

Internal control over major programs:	
Material weaknesses identified?	None reported
Significant deficiencies identified not considered material weaknesses?	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 the Uniform Guidance?	None reported

Identification of major programs:

66.458 Capitalization Grants for 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?	No

2. Financial Statement Findings and Responses

A. Current Year Audit Findings

2024-001

Condition: Due to the limited number of staff, appropriate segregation of duties does not exist among receipting, recording, distribution, reconciliation of cash accounts and other operational functions in the various offices of the City. This is especially prominent in the planning and zoning office.

Criteria: Segregation of employees' duties is a common practice in an effective internal control structure. Segregation of duties is when specific employee functions related to important accounting areas (such as cash receipting and cash disbursements) are separated among different individuals to significantly reduce the risk that any one individual could intentionally or unintentionally misappropriate assets.

Effect: Failure to maintain adequate segregation of duties exposes the assets of the City to greater risk of misappropriation.

Cause: Several of the City's departments have a limited number of employees available to perform financial duties; therefore, financial duties cannot be appropriately segregated among multiple employees.

Recommendation: We recommend that the City review its policies and procedures to determine where it can adequately segregate duties.

Management Response: Management concurs with this finding. Management will review the policies and procedures to determine the most efficient and effective solution to properly segregate duties. Action was taken immediately upon receipt of this comment from our auditors.

2024-002

Condition: While performing inventory observation at the Water and Sewer Department, we noted significant discrepancies in test counts of inventory on the listing. We also noted discrepancies in prices of tested inventory on the listing.

Criteria: Proper internal controls require that physical inventory counts and price updates be performed at least annually and differences properly accounted for on count sheets and reflected on the general ledger.

Effect: Failure to maintain adequate inventory records subjects the assets of the City to greater risk of misappropriation.

Cause: Management did not update records to reflect any changes in recorded inventory amounts and prices.

Recommendation: To ensure that sufficient internal controls are in place, the Water and Sewer Department should perform a physical inventory count as close to year end as possible and update records to reflect any changes in recorded inventory amounts and prices.

Management Response: Management has provided a copy of this finding to the appropriate Department Head and they concur with this finding. Action was taken immediately upon receipt of this comment from our auditors.

2. Financial Statement Findings and Responses

B. Prior Year Audit Findings Follow-Ups

2023-001

Condition: Material adjustments were required during the audit process to record additional receivables and payables in the Water and Sewer Fund.

Corrected

2023-002

Condition: Due to the limited number of staff, appropriate segregation of duties does not exist among receipting, recording, distribution, reconciliation of cash accounts and other operational functions in the various offices of the City. This is especially prominent in the planning and zoning office.

Not Corrected

2023-003

Condition: While performing inventory observation at the Water and Sewer Department, we noted significant discrepancies in test counts of inventory on the listing.

Not Corrected

2023-004

Condition: While performing audit procedures at the Municipal Court, we noted instances of deposits not made in a timely manner. It appears deposits are made approximately twice per month. Due to the lack of timeliness of deposits, payouts to other agencies are also not made timely.

Corrected

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

STATE REPORTING SECTION

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

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

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST #8					
Street improvements	$ 13,500,000	$ 15,342,959	$ 8,548,504	$ 4,864,955	$ 13,413,459
Dobbs Creek Recreation Center	1,000,000	1,000,000	545,524	144,085	689,609
Total	$ 14,500,000	$ 16,342,959	$ 9,094,028	$ 5,009,040	$ 14,103,068

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