CITY OF EAST ELLIJAY, GEORGIA

FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

CITY OF EAST ELLIJAY, GEORGIA
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023

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CITY OF EAST ELLIJAY, GEORGIA
FINANCIAL SECTION

Murphy CPA Group, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of East Ellijay, Georgia

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of East Ellijay, Georgia as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of East Ellijay, 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, each major fund, and the aggregate remaining fund information of the City of East Ellijay, Georgia, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of East Ellijay, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1D, the City implemented Governmental Accounting Standards Board Statement No. 87, Leases, during the year ending June 30, 2023. This standard significantly changes the accounting for the City's leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of East Ellijay, 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of East Ellijay, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of East Ellijay, 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, schedule of changes in net pension liability (asset) and related rations, and schedule of contributions and related notes on pages 4-8 and 30-32 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Ellijay, Georgia's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of projects constructed with special purpose local option sales tax proceeds, as required by OCGA 48-4-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related 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 State of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of projects constructed with special purpose local option sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued out report dated June 14, 2024, on our consideration of the City of East Ellijay, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of East Ellijay, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of East Ellijay, Georgia's internal control over financial reporting and compliance.

Murphy CPA Group P.C.

Murphy CPA Group, P.C.

Canton, Georgia
June 14, 2024

Within this section of the City of East Ellijay, Georgia (City) basic financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. We encourage readers to consider the information presented here in conjunction with the City's financial statements which begin on page 8.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants. Governmental activities include general government, judicial, public safety, public works, and housing and development.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The City is comprised of Governmental Funds. Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the difference between these two perspectives.

A budgetary comparison statement is included in the basic financial statements for the General Fund and the Hotel Motel Fund. These statements demonstrate compliance with the City's adopted and final revised budgets.

Reporting the City's Funds

The fund financial statements begin on page 10 and provide detailed information about the funds. Some funds are required to be established by State law. However, the City can establish other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

The City as a Whole

Condensed Statement of Net Position

The table below presents the City's condensed Statement of Net Position as of June 30, 2022 and 2023.

	Governmental Activities		
	2022	2023	Change
Assets			
Current assets	$ 3,227,201	$ 2,872,914	$ (354,287)
Other assets	508,164	54,558	(453,606)
Investments	823,983	2,000,000	1,176,017
Right-to-use leased assets (net)	-	25,510	25,510
Capital assets	4,999,168	4,994,393	(4,775)
Total assets	9,558,516	9,947,375	388,859
Deferred outflows of resources	17,066	236,478	219,412
Liabilities			
Current liabilities	73,159	63,664	(9,495)
Long-term liabilities	-	25,539	25,539
Total liabilities	73,159	89,203	16,044
Deferred inflows of resources	185,842	3,639	(182,203)
Net Position			
Net investment in capital assets	4,999,168	4,994,364	(4,804)
Restricted	528,709	596,262	67,553
Unrestricted	3,788,704	4,500,385	711,681
Total net position	9,316,581	10,091,011	774,430
Prior period adjustment	176,017	-	(176,017)
Total net position, restated	$ 9,492,598	$ 10,091,011	$ 598,413

In the prior fiscal year, the value of certificates of deposit were reduced for market fluctuations. However, the face value of the certificates are guaranteed at maturity and, therefore, are not subject to market fluctuation risks. A prior period adjustment was made to adjust the value of the certificates of deposit to face value.

The largest component of the City's net position is its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and other), less any related debt outstanding that was needed to acquire or construct the assets. Approximately 49% of the governmental activities' net position is invested in capital assets at June 30, 2023. This is a 3% decrease from the prior year due to an overall increase in net position. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not available for future spending.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The increased in the restricted net position of governmental funds is the result of accumulated SPLOST funds and also includes funds restricted for public safety. The remaining portion of net position is unrestricted, which can be used to finance government operations. Unrestricted net position shows a 6% increase for governmental activities due to a net income in the governmental funds along with an increase in assets.

Condensed Statement of Activities

The table below presents the City's condensed Statement of Activities as of June 30, 2022 and 2023.

	Governmental Activities		
	2022 (restated)	2023	Change
Revenues:			
Program			
Charges for services	$ 380,683	$ 729,042	$ 348,359
Operating grants & contributions	88,553	17,446	(71,107)
Capital grants & contributions	198,780	273,207	74,427
General			
Taxes	1,575,879	1,678,113	102,234
Unrestricted investment earnings	3,673	1,515	(2,158)
Miscellaneous	796	1,519	723
Gain (Loss) on sale of capital assets	17,995	-	(17,995)
Total revenues	2,266,359	2,700,842	434,483
Expenses:			
General government	320,527	339,687	19,160
Judicial	231,424	280,637	49,213
Public safety	732,052	835,843	103,791
Public works	294,787	353,223	58,436
Economic development	194,600	292,964	98,364
Interest	-	75	75
Total expenses	1,773,390	2,102,429	329,039
Change in net position, restated	492,969	598,413	105,444
Beginning net position	8,999,629	9,492,598	(176,017)
Ending net position, restated	$ 9,492,598	$ 10,091,011	$ 598,413

Over time, increases and decreases in net position measure whether the City's financial position is improving or deteriorating. During the year ending June 30, 2023, the net position of governmental funds increased 6% from the prior year. Approximately 30% of the City's revenues came from sales taxes, 32% from other tax revenue, and less than 1% from other general revenues. Other tax revenues include personal property taxes, alcohol and liquor taxes, franchise taxes, insurance premium taxes and business and occupation taxes. All these sources account for 62% of governmental activity revenues as the City is heavily reliant on sales and other taxes to support governmental operations. Charges for services and capital grants and contributions provided 27% and 11%, respectively, of the City's revenue for the fiscal year ending June 30, 2023.

Overall expenses for governmental activities increased by 19% from the prior fiscal year. Expenses for the general government, judicial, public works, and economic development departments each increased by approximately 3%. Expenses for the public safety department increased by approximately 7%.

The ratio of departmental expenses to total expenses may vary from year to year. Public safety remains the largest percentage of total expense at 40%, which is consistent with the prior year. General government decreased to 16%, which reflects a decrease of 2% from the prior fiscal year. The judicial function remained consistent at 13%. Public works remained consistent at 17%. Housing and economic development increased to 14%, which is an increase of 2% from the prior year.

Financial Analysis of the City's Funds

The focus of the City's governmental funds is to provide information on near-term inflows and outflows and the balance of resources available for spending. 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.

As of the close of the year, the City's governmental funds reported a combined ending fund balance of $4,680,469 with $3,971,473 reported as unassigned fund balance, $12,674 nonspendable for prepaid items, $596,262 restricted for capital projects and specific purposes, $21,580 committed for tax revenues contractually payable to other organizations, $78,480 assigned by Mayor and Council for program purposes.

Governmental Funds

The general fund balance increased $455,384, while total revenues increased $342,342 or 18%. The majority of the increase in revenues may be attributed to an increase of $137,326 in local options sales taxes (due to economic activity); an increase of $89,431 in building signs and permits (due to economic growth); and an increase of $78,371 in municipal court revenue. General fund expenditures increased $248,515, or 15%. Expenditures for judicial were up 18%. The majority of this increase (approximately 13%) is due to higher group insurance, payroll, and other payroll related costs for the judicial department. Police expenditures increased approximately 17%. The majority of this increase (approximately 10%) is due to the purchase of vehicles for the police department. Approximately 4% is due to the lease of body cameras for the police department, and approximately 3% is attributable to higher payroll and payroll related costs. Expenditures for economic development were up 59%. The majority of this increase (approximately 52%) is due to an increase in payroll and payroll related costs for the economic development department.

Intergovernmental revenue for the SPLOST fund increased by approximately $7,318 or 5% from economic growth. Fund balance in the SPLOST fund increased $145,793 as funds are accumulated for future projects. The revenue for hotel/motel increased by $40,053 or 26% which is also attributable to economic growth in the area. Expenditures decreased since unrestricted funds in the hotel/motel fund were not expended this year. The hotel/motel fund was reported as a nonmajor fund in the prior fiscal year. However, the hotel/motel fund is reported as a major fund in the current fiscal year due to hotel/motel fund liabilities being greater than 10% of total governmental fund liabilities at June 30, 2023. No fund balance is reported for the ARPA fund as all revenues recognized in fiscal year 2023 were transferred to the General Fund for expenditures in compliance with ARPA restrictions. No unutilized ARPA funds remain at fiscal year end. Changes in fund balances for the confiscated asset fund and technology fees fund were minimal.

General Fund Budgetary Highlights

Before the start of fiscal year 2023, the City adopted a budget of $1,715,010 for revenues, $2,035,312 for expenditures, and $320,302 for use of prior year reserves. The City did one budget amendment in the general fund during the year, making the amended budget $2,209,703 for revenues, $1,861,366 for expenditures, $107,047 for transfers in from ARPA, and $455,384 reserve for future years.

Revenues were conservatively budgeted for based on prior year history and were adjusted to reflect actual activity for the fiscal year. The actual operating revenues of the General Fund were more than the original budgeted amount by $494,693. The largest contributors to this variance were permit revenue, local option sales tax revenue, and municipal court fine revenue, as these were higher than anticipated by $89,841, $222,647, and $94,198 respectively. A budget adjustment was also recorded to reflect the transfer of $107,047 from the ARPA Fund to the General Fund. This transfer reflects the release of restrictions on ARPA monies and their utilization in the General Fund for compliant expenditures.

Expenditures were conservatively budgeted for based on prior year history and were adjusted to reflect actual activity for the fiscal year. The majority of the budget adjustments were the result of projected costs for the street department being lower than originally budgeted for and expenditures for the police department being higher. The City had originally budgeted $90,000 for street resurfacing and construction, and $17,000 for street department machinery and equipment, but no such projects/purchases took place in fiscal year 2023. For the police department, actual costs were primarily higher because of the purchase of vehicles for the police department.

Due to the effect of the recognition of right of use assets for the police department, actual expenditures exceeded the final budget by $38,309. The City considers expenditures in excess of appropriations of 10% or greater at the departmental level to be a material violation requiring a budget amendment to ensure that future periods are not encumbered by current year expenditures. The recognition of the right of use assets resulted in the underbudgeting of police department expenditures in the amount of $31,887, which is less than 4% of the total budgeted expenditures for the police department, and less than 2% of total budgeted expenditures. Other costs associated with the lease that were not budgeted for consisted of the lease principal and interest payments totaling $6,422. As all budget to actual variances were below10% and the City reported a positive net change in fund balance of $455,384 for the General Fund, no budget amendment was considered necessary.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental funds. These funds are added together 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 13 and 15) 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).

Capital Asset and Right of Use Leased Asset Activity

At June 30, 2023, the City reported $4,994,364 in capital assets, net of accumulated depreciation. During fiscal year 2023, the City had one building improvement project and purchased five vehicles for use in the Police Department. Refer to note 3 on page 22 of the financial statements for more information on capital assets.

In fiscal year 2023, the City entered into a lease agreement for the use of 5 body cameras for the police department. Refer to note 4 on page 23 of the financial statements for more information on right of use leased assets.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report of request for additional financial information should be addressed to City of East Ellijay, PO Box 1060; East Ellijay, Georgia 30539.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of East Ellijay, Georgia
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	$ 1,947,827
Cash, restricted	583,937
Investments	1,000,000
Receivables	
Franchise taxes	35,715
Other taxes	117,776
Fines (net)	160,750
Intergovernmental	
County	14,235
Prepaid items	12,674
Total Current Assets	3,872,914
Noncurrent Assets	
Net pension asset	54,558
Investments	1,000,000
Right-to-use leased assets (net)	25,510
Capital assets	
Land and other assets, not being depreciated	3,559,740
Depreciable assets, net	1,434,653
Total Noncurrent Assets	6,074,461
Deferred Outflows of Resources	
Pension costs	236,478
Total Deferred Outflow of Resources	236,478
Total Assets and Deferred Outflows of Resources	10,183,853
Liabilities	
Current Liabilities	
Accounts payable	58,137
Restricted liabilities:	
Court bonds outstanding	5,527
Total Current Liabilities	63,664
Noncurrent Liabilities	
Leases payable	25,539
Total Noncurrent Liabilities	25,539
Total Liabilities	89,203
Deferred Inflow of Resources	
Pension costs	3,639
Total Deferred Inflow of Resources	3,639
Total Liabilities and Deferred Inflows of Resources	92,842
Net Position	
Investment in capital assets	4,994,364
Restricted for:	
Capital Projects	573,495
Program purposes:	
Public Safety	22,767
Unrestricted	4,500,385
Total Net Position	$ 10,091,011

See accompanying notes to the basic financial statements.

City of East Ellijay, Georgia
Statement of Activities
For the Year Ending June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Primary Government: Governmental Activities
Primary government					
Governmental activities					
General government	$ 339,687	$ 268,396	$ -	$ 20,713	$ (50,578)
Judicial	280,637	-	-	7,666	(272,971)
Public safety	835,843	460,646	-	55,671	(319,526)
Public works	353,223	-	17,446	181,491	(154,286)
Housing and development	292,964	-	-	7,666	(285,298)
Interest	75	-	-	-	(75)
Total Governmental Activities	$ 2,102,429	$ 729,042	$ 17,446	$ 273,207	$ (1,082,734)
General Revenues					
Taxes					
Personal property taxes					40,912
Franchise taxes					165,230
General sales and use taxes					822,647
Selective sales and use taxes					573,428
Business taxes					75,896
Unrestricted investment earnings					1,515
Miscellaneous					1,519
Total General Revenues					1,681,147
Change in Net Position					598,413
Net Position, Beginning of Year					9,316,581
Prior Changes to Net Position					176,017
Net Position, End of Year					$ 10,091,011

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of East Ellijay, Georgia
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	SPLOST	Hotel Motel Tax	Nonmajor Governmental Funds	Total
Assets					
Current					
Cash and cash equivalents	$ 1,858,884	$ -	$ 88,943	$ -	$ 1,947,827
Cash, restricted	1,529	559,260	-	23,148	583,937
Investments	1,000,000	-	-	-	1,000,000
Receivables					
Franchise taxes	3,018	-	32,697	-	35,715
Other taxes	117,776	-	-	-	117,776
Fines (net)	160,750	-	-	-	160,750
Intergovernmental					
County	-	14,235	-	-	14,235
Interfund	-	-	-	1,476	1,476
Prepaid items	12,674	-	-	-	12,674
Non-current					
Investments	1,000,000	-	-	-	1,000,000
Total Assets	$ 4,154,631	$ 573,495	$ 121,640	$ 24,624	$ 4,874,390
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 34,700	$ -	$ 21,580	$ 1,857	$ 58,137
Restricted liabilities:					
Court bonds outstanding	5,527	-	-	-	5,527
Interfund payable	1,476	-	-	-	1,476
Total Liabilities	41,703	-	21,580	1,857	65,140
Deferred Inflows of Resources					
Deferred fine revenue	128,781	-	-	-	128,781
Total Deferred Inflows of Resources	128,781	-	-	-	128,781
Fund Balances					
Nonspendable					
Prepaid items	12,674	-	-	-	12,674
Restricted for					
Capital projects	-	573,495	-	-	573,495
Program purposes					
Public safety	-	-	-	22,767	22,767
Committed					
Housing and Development	-	-	21,580	-	21,580
Assigned					
Housing and Development	-	-	78,480	-	78,480
Unassigned	3,971,473	-	-	-	3,971,473
Total Fund Balances	3,984,147	573,495	100,060	22,767	4,680,469
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,154,631	$ 573,495	$ 121,640	$ 24,624	$ 4,874,390

See accompanying notes to the basic financial statements.

City of East Ellijay, Georgia
Reconciliation of the Governmental Funds' Balance Sheet
to the Statement of Net Position
June 30, 2023

Total Governmental Fund Balances	$	4,680,469
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets of $5,921,645 net of accumulated depreciation of $927,252 are not current financial resources and, therefore, are not reported in the governmental fund statements, but are reported in the government activities of the Statement of Net Position.		4,994,393
Right-of-use leased assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund statements, but are reported in the government activities of the Statement of Net Position.		25,510
Some assets are not current in nature and are not available to pay for current-period expenditure. As such, these items are deferred in the governmental fund statements. These include the following:		
Deferred outflows - pension costs		236,478
Net pension asset		54,558
Some liabilities are not due and payable in the current period. Such liabilities are not reported in the governmental fund statements, but are reported on the government-wide Statement of Net Position. These include the following:		
Leases payable		(25,539)
Deferred inflows - pension costs		(3,639)
Other long term assets reported are not available to pay for current period expenditures and, therefore, are deferred in the fund financial statements.		
Deferred fine revenue		128,781
Net Position of Governmental Activities	$	10,091,011

See accompanying notes to the basic financial statements.

City of East Ellijay, Georgia
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Hotel Motel Tax	SPLOST	Nonmajor Governmental Funds	Total
Revenues					
Personal property taxes	$ 40,912	$ -	$ -	$ -	$ 40,912
Franchise taxes	165,230	-	-	-	165,230
General sales and use taxes	822,647	-	-	-	822,647
Selective sales and use taxes	382,015	191,413	-	-	573,428
Business taxes	75,896	-	-	-	75,896
Business licenses	164,701	-	-	-	164,701
Building and sign permits	102,576	-	-	-	102,576
Intergovernmental	17,446	-	166,160	107,047	290,653
Charges for services	1,119	-	-	-	1,119
Fines and forfeitures	434,348	-	-	13,322	447,670
Investment earnings	1,294	210	-	11	1,515
Miscellaneous	1,519	-	-	-	1,519
Total Revenues	2,209,703	191,623	166,160	120,380	2,687,866
Expenditures					
Current					
General government	329,154	-	-	-	329,154
Judicial	278,947	-	-	-	278,947
Public safety	879,536	-	-	12,846	892,382
Public works	258,975	-	20,367	-	279,342
Housing and development	146,641	144,633	-	-	291,274
Debt service					
Principal retirement	6,347	-	-	-	6,347
Interest and fiscal charges	75	-	-	-	75
Total Expenditures	1,899,675	144,633	20,367	12,846	2,077,521
Excess (Deficiency) of Revenues Over (Under) Expenditures	310,028	46,990	145,793	107,534	610,345
Other Financing Sources (Uses)					
Transfers	113,469	(6,422)	-	(107,047)	-
Lease inception	31,887	-	-	-	31,887
Total Other Financing Sources (Uses)	145,356	(6,422)	-	(107,047)	31,887
Net Change in Fund Balance	455,384	40,568	145,793	487	642,232
Fund Balance, Beginning of Year	3,352,746	59,492	427,702	81,772	3,921,712
Prior Period Adjustment	176,017	-	-	-	176,017
Fund Balance, End of Year	$ 3,984,147	$ 100,060	$ 573,495	$ 82,259	$ 4,739,961

See accompanying notes to the basic financial statements.

City of East Ellijay, Georgia
Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

Net Changes In Fund Balances - Total Governmental Funds		$ 642,232
Amounts reported for governmental activities in the Statement of Activities are different because:		
Lease liabilities are reported as other financing at the fund level but are reported as a liability on the government-wide Statement of Activities.		(31,887)
Repayment of lease liability principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the Statement of Activities.		6,348
Governmental funds report capital outlays as expenditures. However, in the government-wide financial statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of $124,166 exceeded captial outlays of $119,391 in the current period.		(4,775)
Governmental funds report outlays for right-of-use assets as expenditures. However, in the government-wide financial statements, the cost of those assets is allocated over their estimated useful lives and reported as amortization expense. This is the amount by which capitalized right-of-use assets exceeded amortization expense in the current period.		25,510
Governmental funds report pension expense as expenditures. However, in the government-wide financial statements, the associated asset related to the pension is reported. This is the amount by which pension costs are not related to current financial expenditures.		(51,991)
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues at the fund financial reporting level.		
Fines and forfeitures:		
Deferred June 30, 2022	(115,805)	
Deferred June 30, 2023	128,781	12,976
Change In Net Position of Governmental Activities		$ 598,413

See accompanying notes to the basic financial statements.

City of East Ellijay, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Taxes	$ 1,305,000	$ 1,486,700	$ 1,486,700	$ -
Licenses and permits	52,000	267,277	267,277	-
Intergovernmental	16,000	17,446	17,446	-
Charges for services	-	1,119	1,119	-
Fines and forfeitures	340,000	434,348	434,348	-
Investment earnings	1,010	1,294	1,294	-
Contributions	-	-	-	-
Miscellaneous	1,000	1,519	1,519	-
Use of prior year reserves	320,302	-	-	-
Total Revenues	2,035,312	2,209,703	2,209,703	-
Expenditures				
Current				
General government:				
Executive	-	16,282	16,282	-
General administration	341,130	312,872	312,872	-
Judicial				
Municipal court	286,062	278,947	278,947	-
Public safety				
Police	786,000	832,649	864,536	(31,887)
Fire	15,000	15,000	15,000	-
Public works				
Highways and streets	401,120	229,818	229,818	-
Solid waste	60,000	29,157	29,157	-
Housing and development				
Planning and code enforcement	146,000	146,641	146,641	-
Debt service				
Principal retirement	-	-	6,347	(6,347)
Interest and fiscal charges	-	-	75	(75)
Total Expenditures	2,035,312	1,861,366	1,899,675	(38,309)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	348,337	310,028	(38,309)
Other Financing Sources (Uses)				
Transfers	-	107,047	113,469	6,422
Lease inception	-	-	31,887	31,887
Reserve for future years	-	(455,384)	-	455,384
Total Other Financing Sources (Uses)	-	(348,337)	145,356	493,693
Net Change in Fund Balance	-	-	455,384	455,384
Fund Balance, Beginning of Year	3,352,746	3,352,746	3,352,746	-
Prior Period Adjustment	-	-	176,017	176,017
Fund Balance, End of Year	$ 3,352,746	$ 3,352,746	$ 3,984,147	$ 631,401

See accompanying notes to the basic financial statements.

City of East Ellijay, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Hotel/Motel Tax Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Selective sales and use tax	$ 100,000	$ 191,413	$ 191,413	$ -
Investment earnings	-	210	210	-
Total Revenues	100,000	191,623	191,623	-
Expenditures				
Current				
Housing and development:				
Economic development and resources	100,000	144,633	144,633	-
Total Expenditures	100,000	144,633	144,633	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	46,990	46,990	-
Other Financing Sources (Uses)				
Transfers	-	(6,422)	(6,422)	-
Reserve for future years	-	(40,568)	-	40,568
Total Other Financing Sources (Uses)	-	(46,990)	(6,422)	40,568
Net Change in Fund Balance	-	-	40,568	40,568
Fund Balance, Beginning of Year	59,492	59,492	59,492	-
Fund Balance, End of Year	$ 59,492	$ 59,492	$ 100,060	$ 40,568

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

The financial statements of City of East Ellijay, Georgia, herein referred to as "the City", have been prepared in conformity with generally accepted accounting principles (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. THE REPORTING ENTITY

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The City's basic financial statements include the City's accounts of all operations. The criteria for including organizations within the City's reporting entity, as set forth in Governmental Accounting Standards Board's Statement No. 14 (GASB 14), "The Financial Reporting Entity," is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. As of June 30, 2023, there were no component units to be included in the financial statements of the City.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units (if present). The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which may rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The statement of net position and the statement of activities display the information about the City, the primary government, as a whole.

The government-wide statement of net position, governmental activities are presented on a consolidated basis by column, and are reflected on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for capital improvements result from the capital projects fund and the restriction on their net position use. When both restricted and unrestricted net position is available, it is the City's policy to first apply restricted resources when an expense is incurred for restricted purposes. Upon utilizing restricted resources completely, unrestricted resources would be used secondly.

The government-wide statement of activities presents a comparison between expenses and program revenues for each governmental program of the City. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expense identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

FUND FINANCIAL STATEMENTS

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Fund financial statements report detailed information about the City. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

The measurement focus describes the type of transactions and events that are reported in a fund's operating statements. Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made, regardless of the measurement focus applied.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated.

D. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

A deferred outflow of resources represents a consumption of net position that applies to a future period and these balances will not be recognized as an outflow of resources (expense/expenditure) until then. Likewise, a deferred inflow of resources represents an acquisition of net position that applies to a future period and these balances will not be recognized as an inflow of resources (revenue) until that time. This standard affects the Statement of Net Position in the government-wide statements as well as the Governmental Fund Balance Sheet in the fund statements.

Governmental Funds
The focus of the governmental funds' measurement in the funds statement is upon determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income.

The City reports the following major governmental funds:

General Fund – This 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.

Hotel Motel Tax Fund – This is a special revenue fund that accounts for the collection and disbursement of the 3% lodging tax imposed on lodging facilities within the city limits. The proceeds of which are a combination of restricted monies for the promotion of tourism and construction of tourism products and unrestricted funds for general use.

Special Local Option Sales Tax (SPLOST) Fund – This is a capital projects fund that accounts for financial resources to be used for the acquisition and construction of major capital projects, and for the maintenance of streets and roads, which are not financed by another source of governmental funds.

The City reports the following nonmajor governmental funds:

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The American Rescue Plan Act, Confiscated Assets, and Technology Fees are special revenue funds.

E. BUDGETARY INFORMATION

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

The applicable statutes of the State of Georgia require the City to operate under an annual balanced budget adopted by resolution. A budget is defined as being balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. Because the City adopts each of its operating budgets at the department level (the legal level of control), the applicable statutes require that total expenditures not exceed the total amount of appropriations at the departmental level. Unspent appropriations lapse at year-end.

An annual budget is required to be adopted for the general fund and each special revenue fund according to Georgia law. A project-length budget is required for capital projects funds. Annual budgets were adopted for all funds in fiscal year 2023. Budgets are adopted on a basis consistent with generally accepted accounting principles, and on the same basis of accounting used by each fund to which the budget applies. The City considers expenditures in excess of appropriations by 10% or greater to be a material violation.

F. ENCUMBRANCES

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

G. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash includes amounts in demand deposits. Statutes authorize the City to invest in obligations of the U.S. Government, U.S. Government agencies, the State of Georgia, other counties, and municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking associations, U.S. Government or Agency collateralized repurchase agreements obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. Certificates of deposit with a maturity date of three months of less subsequent fiscal year end are considered cash equivalents.

H. PREPAIDS

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items in both government-wide and fund financial statements using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

I. RECEIVABLES

Fines receivable in the General Fund are stated at gross amounts receivable less an allowance for estimated uncollectible amounts, if material. The allowance is computed as a percentage of the revenue at year end based primarily on the age of the indebtedness. Fines receivable consisted of $169,142 with an associated allowance of uncollectible accounts of $8,392. This resulted in a net receivable balance of $160,750 as shown on the Balance Sheet – Governmental Funds on page 10.

J. CAPITAL ASSETS, RIGHT-OF-USE ASSETS, AND RELATED DEPRECIATION AND AMORTIZATION

Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks and similar items), and right-to-use leased assets are reported in the applicable governmental column in the government-wide financial statements. The City's policy has set the capitalization threshold for reporting capital assets at $5,000 and $20,000 for infrastructure assets. There is no minimum threshold established for right-of-use assets. Infrastructure assets acquired prior to the implementation of GASB 34 have not been capitalized. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

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

	Useful Life
Buildings	50 years
Building improvements	20 years
Equipment	3 – 15 years
Vehicles	2 – 15 years
Infrastructure	10 – 50 years

K. COMPENSATED ABSENCES

The City's policy permits employees to accumulate earned but unused vacation and sick pay benefits up to the end of the year, at which time any unused vacation or sick pay is lost and cannot be carried forward to the subsequent year. Therefore, no monetary obligation exists at fiscal year end for compensated absences or sick leave.

Vacation pay is typically accrued when incurred in the government-wide financial statements. The current City policy does not allow for vacation pay to carry forward to subsequent fiscal years if unused. Therefore, there is no liability shown for vacation pay on the government-wide statements.

Accumulated sick pay benefits have not been recorded as a liability because the payment of these benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation. In accordance with the provisions of Statement of Financial Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay bonus.

L. LONG-TERM OBLIGATIONS

In the government-wide financial statement, long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, governmental fund types recognize the face amount of the long-term obligation in the current period as other financing sources.

M. UNEARNED REVENUE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources, if applicable. This element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position also reports a separate section for deferred inflows of resources. This element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Fines and other receivables not collected within sixty days of year-end have been recorded as deferred revenue at the fund reporting level.

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

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

N. PENSIONS

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

O. FUND BALANCE POLICY AND RESTRICTED AND UNRESTRICTED RESOURCES

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 current assets and current liabilities. 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 purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable* – Fund balances are reported as Nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- *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 restriction imposed by creditors, grantors, or laws and regulations of other governments.
- *Committed* – Fund balances reported as committed include amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that

can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

- *Assigned* – Fund balances are reported as assigned when amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed (i.e., an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget). However, an assignment of fund balance cannot cause a deficit in unassigned fund balance to occur.
- *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. Negative unassigned fund balances may be reported in all other governmental funds.

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

Net Position – Net position represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, and right of used assets, net of accumulated amortization, reduced by any outstanding balances of any borrowings 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 when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulators of other governments. All other net position balances are reported as unrestricted.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, results could differ from those estimates.

Q. INTERFUND BALANCES

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables and payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

2. CASH ON DEPOSIT AND INVESTMENT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be recovered. State statutes require all deposits to be collateralized by depository insurance, obligations of the United States or certain obligations guaranteed by the U.S. Government, obligations of the State of Georgia or bonds of public or development authorities, counties, or municipalities of the State of Georgia. It is the City's policy that any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. Obligations.

Deposits exceeding FDIC limits secured thru the local government investment pool, "Georgia Fund 1," created by O.C.G.A. 36-83-8 or a collateral pool are acceptable securities. The amount of the total bank balance is classified into three categories of credit risk: (1) FDIC insured or collateralized with securities held by the City or its agent in its name; (2) collateralized with securities held by the pledging institution's trust department in the City's name; (3) uncollateralized bank accounts including any bank balance that is collateralized with securities held by the pledging institution's trust department or agent but not in the City's name. At June 30, 2023, the City had no monies subject to custodial risk.

At June 30, 2023 the bank balance of all deposits was $2,508,330 and the carrying amount was $2,531,764. All deposits were covered by FDIC insurance with deposits exceeding FDIC limits secured thru the Georgia Secure Deposit Program according to Georgia law. Administered by the Georgia Bankers Association Services, Inc.

(GBASI) and coordinated by the Office of State Treasurer, the Program came into existence during 2016. Through monthly reporting, GBASI ensures the banks participating in the pool meet Georgia state law regarding collateral levels of 110%. The City's deposits are covered by Federal Depository Insurance or by collateral held by a pledging financial institution's agency in the City's name.

The City's current and non-current investments consisted of marketable certificates of deposit held by Cetera Investments and Edward Jones. The principal and a portion of earnings are guaranteed at maturity by Cetera Investments and Edward Jones. As such, these investments are carried at cost of $2,000,000 with earnings recognized at maturity. All investment balances are covered by Federal Depository Insurance.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

Governmental Activities:	Balance 6/30/2022	Additions	Deductions	Balance 6/30/2023
Nondepreciable capital assets				
Land	$ 3,559,740	$ -	$ -	$ 3,559,740
Total nondepreciable capital assets	3,559,740	-	-	3,559,740
Depreciable capital assets				
Infrastructure	1,222,834	-	-	1,222,834
Buildings	543,115	8,826	-	551,941
Machinery and equipment	142,414	-	-	142,414
Vehicles	334,151	110,565	-	444,716
Total depreciable assets	2,242,514	119,391	-	2,361,905
Total capital assets	5,802,254	119,391	-	5,921,645
Accumulated depreciation				
Infrastructure	333,373	60,600	-	393,973
Buildings	186,400	11,462	-	197,862
Machinery and equipment	110,125	5,840	-	115,965
Vehicles	173,188	46,264	-	219,452
Total accumulated depreciation	803,086	124,166	-	927,252
Governmental activities – capital assets, net excluding lease assets	$4,999,168	$ 363,544	$ -	4,999,168
Lease assets, net (Note 5)				25,510
Total Governmental activities capital assets, net as report in the statement of net position				$ 5,024,678

Governmental activities depreciation expense is as follows:

General government	$ 17,670
Public safety	34,377
Public works	72,119
	$ 124,166

4. INTANGIBLE RIGHT TO USE LEASED ASSETS

A summary of leased asset activity during the fiscal year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Leased assets:				
Equipment	$ -	$ 31,887	$ -	$ 31,887
Total lease assets	-	31,887	-	31,887
Less accumulated amortization:				
Equipment	-	6,377	-	6,377
Total accumulated amortization	-	6,377	-	6,377
Total lease assets, net	$ -	$ 25,510	$ -	$ 25,510

Amortization expense was charged to functions as follows:

Governmental Activities:	
General government	$ 6,377
Total expense – Governmental Activities	$ 6,377

5. LEASES

City as a Lessee

Governmental Activities:

The City, as a lessee, has entered into lease agreements for the use of body cameras for the public safety department. The total of the City's leased assets is recorded at a cost of $31,887, less accumulated amortization of $6,377.

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Lease liabilities	$ -	$ 31,887	$ (6,348)	$ 25,539	$ 6,362

The future lease payments under lease agreements are as follows:

	Leases		
	Principal	Interest	Total
2024	$ 6,362	$ 60	$ 6,422
2025	6,377	45	6,422
2026	6,392	30	6,422
2027	6,408	15	6,423
Total	$ 25,539	$ 150	$ 25,689

Interest expense related to lease liabilities in the amount of $75 is shown on the Statement of Revenues, Expenses, and Changes in Fund Net Position, Governmental Funds.

6. PENSION PLAN

Plan Description

The City has established a non-contributory defined benefit pension plan (The City of East Ellijay Retirement Plan), which provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Employees become eligible immediately upon employment and become vested in the plan after ten years of service if hired or rehired after November 1, 2004, and five years of service if hired or rehired before November 1, 2004, with service prior to April 1, 1983 not to be credited. Contributions and interest forfeited by employees who leave employment before ten years of service are used to reduce the City's current period contribution requirement. The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Benefits are provided by the Plan whereby retirees receive 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City established the plan effective April 1, 1983 and has the governing authority to establish and amend, from time to time, the benefits provided and the contribution rates of the City and its employees. Members may retire at 65 years of age with 5 years of service. Early retirement is possible at age 55 with 10 years of service. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

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

Inactive plan members or beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not receiving benefits	13
Active plan members	14
	37

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City contributes an amount equal to the recommended contribution each year. For the year ended June 30, 2023, the City's contribution rate was 6.61% of annual covered payroll.

Net Pension Asset (Liability)

The City's total pension liability netted with the fiduciary net position resulted in a net pension asset as shown in the Statement of Net Position. The asset was measured as of September 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are comparted to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effects as of January 1, 2023. Effective January 1, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The assumptions used in the January 1, 2023 actuarial valuation are as follows:

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	N/A
Asset Valuation Method	Sum of actuarial value at the 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.

Actuarial assumptions:

Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service-based merit increases
Cost of Living Adjustments	0.00%
Amortization Period of UAAL	30 years

Mortality rates were based on the sex-distinct Pri-2012 head-count weighted Mortality Table with rates multiplied by 1.25 and the sex-distinct Pri-2012 headcount weighted Disabled Retiree Mortality Table with rates multiplied by 1.25. Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct 2019 OASDI Trustees Report. Previously future mortality improvements were not explicitly projected.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022 are summarized in the following table:

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

Discount rate

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

Changes in the Net Pension Liability (Asset) of the City:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at September 30, 2021	$ 1,173,153	$ 1,681,317	$ (508,164)
Changes for the year			
Service cost	18,974	-	18,974
Interest	86,131	-	86,131
Differences between expected and actual experience	77,945	-	77,945
Contributions – employer	-	8,204	(8,204)
Contributions – employee	-	-	-
Net investment income	-	(269,783)	269,783
Benefit payments, including refunds of employee contributions	(48,485)	(48,485)	-
Administrative expense	-	(8,977)	(8,977)
Other	-	-	-
Net changes	134,565	(319,041)	453,606
Balances at September 30, 2022	$ 1,307,718	$ 1,362,276	$ (54,558)

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

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.375% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease 6.375%	Current Discount Rate 7.375%	1% Increase 8.375%
City's net pension liability	$ 114,357	$ (54,558)	$ (195,379)

Pension plan fiduciary net position. Detailed information about the Plan's fiduciary net position is available in the separately issued GMEBS financial report.

Changes in assumptions since the last measurement date. As a result of a study performed in November and December 2019, several changes in assumptions were implemented in the prior year. These changes are detailed in the Schedule of Contributions and Related Notes on pages 30-31.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2022 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
For the fiscal year ended June 30, 2023, the City recognized pension expense of $58,188. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 51,964	$ (3,639)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	179,131	-
City contribution subsequent to the measurement date	5,383	-
Total	$ 236,478	$ (3,639)

City contributions subsequent to the measurement date of $5,383 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	$ 60,865
2025	54,585
2026	33,613
2027	78,393
2028	-
Total	$ 227,456

7. COMMITMENTS AND CONTINGENCIES

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

8. RISK MANAGEMENT

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

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage being required to pay and claim of loss. The City is also to allow investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protest the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against member in the member governments' contracts and in accordance with the

workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

9. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Northwest Georgia area, is a member of the Northwest Georgia Regional Commission (NWGRC) and is required to pay annual dues thereto. During its fiscal year ended June 30, 2023 the City paid $859 in such dues. Membership in the NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the NWGRC. Membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of NWGRC. Separate financial statements may be obtained from Northwest Georgia Regional Commission, 1 Jackson Hill Drive, Rome Georgia 30162.

The City of East Ellijay, Georgia, in conjunction with the City of Ellijay, Georgia and Gilmer County, Georgia have formed the Joint Development Authority of Gilmer County under the official Code of Georgia Section 36-62-5.1 (the Development Authorities Law). The three participating jurisdictions of the Authority are responsible for the budget of the Authority. Each jurisdiction appoints two members of the board of directors of the Authority. The City of East Ellijay contributed 9% of the fiscal year 2023 budget. A copy of the agreed-upon procedures of the Development may be obtained from the Authority at 696 First Avenue, East Ellijay, Georgia 30540.

10. HOTEL/MOTEL TAX

The City has levied a 3% lodging tax. During fiscal year 2023, the City collected $191,413 of lodging tax. According to OCGA 48-13-51(a)(1), the City can utilize these funds for any legal general fund purpose. The City expended 66% of the tax collections through a funding agreement between the City and the Gilmer County Chamber of Commerce. This portion of the hotel/motel tax collections is committed contractually. The remaining 34% can be used for general purposes.

11. INTERFUND BALANCES

During the fiscal year, the General Fund collected $1,476 of technology fees that had not yet been transferred to the nonmajor fund, Technology Fund, at June 30, 2023. This amount is presented as an interfund balance on the governmental funds balance sheet.

12. RESTRICTED NET POSITION AND FUND EQUITY

Nonspendable	
The following components of fund balance are nonspendable:	
Prepaid items	$ 12,674
Restricted	
The following components of net position and fund balance are restricted for the following purposes:	
Capital projects financed with SPLOST tax revenues	$ 573,495
Public safety expenditures specific to program purposes	22,767
	$ 596,262
Committed	
The following components of fund balance are committed for the following purposes:	
Portion of Hotel/Motel tax revenues contractually payable to local tourism obligations	$ 21,580
Assigned	
The following components of fund balance are assigned for the following purposes:	
Tourism and city improvement expenditures specific to program purposes	$ 78,480

Restricted

The following components of net position are restricted for the following purposes:		
Capital projects financed with SPLOST tax revenues	$	573,495
Public safety expenditures specific to program purposes		22,767
	$	596,262

13. RESTATEMENT OF NET POSITION

In the prior fiscal year, the value of certificates of deposit were reduced for market fluctuations. However, the face value of the certificates are guaranteed at maturity and, therefore, are not subject to market fluctuation risks. A prior period adjustment of $176,017 was made to adjust the value of the certificates of deposit to cost. This restatement is presented for the General Fund, both in the government wide and fund level statements.

14. SUBSEQUENT EVENTS

The City has evaluated subsequent events through June 14, 2024, the date which the financial statements were available to be issued. There were no items noted that required modification to the financial statements nor disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of East Ellijay, Georgia
Required Supplementary Information
Georgia Municipal Association Defined Benefit Plan
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
For the Year Ended June 30, 2023

Total pension liability	2023	2022	2021	2020	2019	2018	2017	2016	2015	**2014
Service cost	$ 18,974	$ 22,104	$ 21,809	$ 26,691	$ 20,683	$ 23,204	$ 19,974	$ 18,963	$ 19,501	*
Interest	86,131	82,649	76,109	69,911	66,402	62,599	58,946	49,457	6,414	*
Difference between expected and actual experience	77,945	(10,918)	29,027	23,315	(7,334)	(6,596)	6,623	88,182	10,189	*
Changes of assumptions	-	-	-	23,595	-	15,085	-	-	(3,242)	*
Changes of benefit terms	-	-	-	-	-	3,761	-	-	-	*
Benefit payments, including refunds of employee contributions	(48,485)	(38,498)	(38,616)	(38,969)	(38,970)	(42,963)	(34,114)	(34,217)	(32,979)	*
Net change in total pension liability	134,565	55,337	88,329	104,543	40,781	55,090	51,429	122,385	39,883	
Total pension liability- beginning	1,173,153	1,117,816	1,029,487	924,944	884,163	829,083	777,654	655,269	615,386	
Total pension liability- ending (a)	$ 1,307,718	$ 1,173,153	$ 1,117,816	$ 1,029,487	$ 924,944	$ 884,173	$ 829,083	$ 777,654	$ 655,269	
Plan fiduciary net position										
Contributions- employer	$ 8,204	$ 123,202	$ 90,397	$ 88,600	$ 88,640	$ 86,185	$ 59,421	$ 58,053	$ 49,720	*
Contributions- employee	-	-	-	-	-	-	-	-	-	*
Net investment income	(269,783)	321,408	110,076	31,379	92,271	117,197	75,665	6,039	66,643	*
Benefit payments- including refund of employee contributions	(48,485)	(38,498)	(38,616)	(38,969)	(38,970)	(42,963)	(34,114)	(34,217)	(32,979)	*
Administrative expense	(8,977)	(9,165)	(8,969)	(8,722)	(9,440)	(10,257)	(5,867)	(6,628)	(5,439)	*
Other	-	-	-	-	-	-	-	-	-	*
Net change in fiduciary net position	(319,041)	396,947	152,888	72,288	132,501	150,162	95,105	23,247	77,945	
Plan fiduciary net position- beginning	1,681,317	1,284,370	1,131,482	1,059,194	926,693	776,531	681,426	658,179	580,234	
Plan fiduciary net position- ending (b)	$ 1,362,276	$ 1,681,317	$ 1,284,370	$ 1,131,482	$ 1,059,194	$ 926,693	$ 776,531	$ 681,426	$ 658,179	
Net pension liability (asset) - ending (a-b)	$ (54,558)	$ (508,164)	$ (166,554)	$ (101,995)	$ (134,250)	$ (42,520)	$ 52,552	$ 96,228	$ (2,910)	
Plans fiduciary net position as a percentage of the total pension liability	104.17%	143.32%	114.90%	109.91%	114.51%	104.81%	93.66%	87.63%	100.44%	
Covered employee payroll	$ 576,075	$ 432,835	$ 471,871	$ 433,559	$ 438,704	$ 388,393	$ 397,263	$ 365,932	$ 301,327	
Net pension liability as a percentage of covered employee payroll	-9.47%	-117.40%	-35.30%	-23.53%	-30.60%	-10.95%	13.23%	26.30%	-0.97%	

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

City of East Ellijay, Georgia
Required Supplementary Information
Georgia Municipal Association Defined Benefit Plan
Schedule of Contributions
For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	*2014
Actuarially determined contribution	$ - [1]	$ 9,853	$ 36,220	$ 41,789	$ 37,537	$ 39,008	$ 35,244	$ 27,480	$ 26,911	
Contributions in relation to the actuarially determined contribution	- [1]	43,426 [2]	146,220	94,917	84,409	89,008	65,244	47,480	37,911	
Contribution deficiency (excess)	$ - [1]	$ (33,573)	$ (110,000)	$ (53,128)	$ (46,872)	$ (50,000)	$ (30,000)	$ (20,000)	$ (11,000)	
Covered employee payroll	$ - [1]	$ - [3]	$ 471,871	$ 433,559	$ 438,704	$ 388,393	$ 397,263	$ 365,932	$ 301,327	
Contributions as a percentage of covered employee payroll	0.00% [1]	0.00%	30.99%	21.89%	19.24%	22.92%	16.42%	12.98%	12.58%	

1 2023 information will be determined after fiscal year end and will be included in the 2024 valuation report.
*Historical information prior to implementation of GASB 67/68 is not required. This schedule will present 10 years of information once
2 Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.
3 2022 covered payroll is based on data collected as of September 30, 2021 for the 2022 actuarial valuation.

Notes to the Schedule of Contributions:

Valuation date:

The actuarial determined contribution rate was determined as of January 1, 2023 with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending June 30, 2024.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	N/A
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial assumptions:	
Net investment rate of return	7.375%
Projected salary increase	2.25% plus service based merit increases
Cost of living adjustments	0.00%
Retirement age	The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and
Mortality	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25, sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25, sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

City of East Ellijay, Georgia
Required Supplementary Information
Georgia Municipal Association Defined Benefit Plan
Schedule of Contributions
For the Year Ended June 30, 2023

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

The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

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

The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sexdistinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sexdistinct Pri-2012 head-count weighted Employee Mortality Table.

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

The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.

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

Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased

Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.

Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.

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

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

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

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

Benefit Changes:
Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits

Effective September 12, 2017, the Official's benefit multiplier was increased from $18 to $20.

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

OTHER SUPPLEMENTARY INFORMATION

City of East Ellijay, Georgia
Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			Total Nonmajor Governmental Funds
	ARPA	Confiscated Assets	Technology Fees	
Assets				
Current				
Cash, restricted	$ -	$ 11,750	$ 11,398	$ 23,148
Receivables				
Interfund	-	-	1,476	1,476
Total Assets	$ -	$ 11,750	$ 12,874	$ 24,624
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ -	$ 1,087	$ 770	$ 1,857
Total Liabilities	-	1,087	770	1,857
Fund Balances				
Restricted				
Public Safety	-	10,663	12,104	22,767
Total Fund Balances	-	10,663	12,104	22,767
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ -	$ 11,750	$ 12,874	$ 24,624

City of East Ellijay, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			Total Nonmajor Governmental Funds
	ARPA	Confiscated Assets	Technology Fees	
Revenues				
Intergovernmental	$ 107,047	$ -	$ -	$ 107,047
Technology fees	-	-	13,322	13,322
Investment earnings	-	7	4	11
Total Revenues	107,047	7	13,326	120,380
Expenditures				
Current				
Public safety	-	6,211	6,635	12,846
Total Expenditures	-	6,211	6,635	12,846
Excess (Deficiency) of Revenues Over (Under) Expenditures	107,047	(6,204)	6,691	107,534
Other Financing Sources (Uses)				
Transfers	(107,047)	-	-	(107,047)
Total Other Financing Sources (Uses)	(107,047)	-	-	(107,047)
Net Change in Fund Balance	-	(6,204)	6,691	487
Fund Balance, Beginning of Year	-	16,867	5,413	22,280
Fund Balance, End of Year	$ -	$ 10,663	$ 12,104	$ 22,767

City of East Ellijay, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
American Rescue Plan Act Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Intergovernmental	$ -	$ 107,047	$ 107,047	$ -
Total Revenues	-	107,047	107,047	-
Expenditures				
Current				
General government:				
General administration	-	107,047	-	107,047
Total Expenditures	-	107,047	-	107,047
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	107,047	107,047
Other Financing Sources (Uses)				
Transfers	-	-	(107,047)	(107,047)
Total Other Financing Sources (Uses)	-	-	(107,047)	(107,047)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -	$ -

City of East Ellijay, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Confiscated Assets Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Investment earnings	$ 5,000	$ 7	$ 7	$ -
Use of prior year reserves	-	6,204		(6,204)
Total Revenues	5,000	6,211	7	(6,204)
Expenditures				
Current				
Public safety:				
Police	5,000	6,211	6,211	-
Total Expenditures	5,000	6,211	6,211	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(6,204)	(6,204)
Other Financing Sources (Uses)				
Reserve for future years	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	(6,204)	(6,204)
Fund Balance, Beginning of Year	16,867	16,867	16,867	-
Fund Balance, End of Year	$ 16,867	$ 16,867	$ 10,663	$ (6,204)

City of East Ellijay, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Technology Fees Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Fines and forfeitures	$ 10,000	$ 13,322	$ 13,322	$ -
Investment earnings	-	4	4	-
Total Revenues	10,000	13,326	13,326	-
Expenditures				
Current				
Public safety:				
Police	10,000	6,635	6,635	-
Total Expenditures	10,000	6,635	6,635	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	6,691	6,691	-
Other Financing Sources (Uses)				
Reserve for future years	-	(6,691)	-	6,691
Total Other Financing Sources (Uses)	-	(6,691)	-	6,691
Net Change in Fund Balance	-	-	6,691	6,691
Fund Balance, Beginning of Year	5,413	5,413	5,413	-
Fund Balance, End of Year	$ 5,413	$ 5,413	$ 12,104	$ 6,691

City of East Ellijay, Georgia
Schedule for Projects Constructed with
Special Purpose Local Option Sales Tax
For the Year Ended June 30, 2023

Project	Referendum Authorized Amount	Original Estimated Cost	Prior Years' Expenditures	Current Years' Expenditures	Cumulative Total	Estimated Percentage of Completion
2020 SPLOST						
Road, street and bridge purposes to include sidewalks and bicycle paths	$ 434,250	$ 434,250	$ 368,198	$ 20,367	$ 388,565	89.48%
	$ 434,250	$ 434,250	$ 368,198	$ 20,367	$ 388,565	

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

Note B: There were purchases of items that were in compliance with the SPLOST referendum but that did not require capitalization. These items have been expensed in accordance with the financial policies of the City.

INTERNAL CONTROL AND COMPLIANCE

Murphy CPA Group, P.C.

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

To the Honorable Mayor and City Council
City of East Ellijay, 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, each major fund, and the aggregate remaining fund information of the City of East Ellijay, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of East Ellijay, Georgia's basic financial statements and have issued our report thereon dated June 14, 2024.

Internal Control over Financial Reporting

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2023-001 to be a significant deficiency.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of East Ellijay, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murphy CPA Group P.C.

Murphy CPA Group, P.C.

Canton, Georgia
June 14, 2024

CITY OF EAST ELLIJAY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2023

Material Weaknesses:

None noted.

Significant Deficiencies:

2023-001 – Segregation of Duties

Criteria: Segregation of employee duties is a necessary concept in an effective internal control structure. Policies and procedures should be in place that require the segregation of certain financial duties.

Condition/Context: The City's staff remains small enough to where full segregation of duties may be impossible. However, the City has taken steps to ensure the outsourcing of several accounting functions including accrual adjustments and reconciliation of bank accounts. These functions have been outsourced to a third-party accounting firm to ensure additional segregations. Although effective, we feel this has not been mitigated to an acceptable level considering there are still personnel handling cash that also have access to financial data.

Effect: Without proper segregation of duties within accounting functions, there is an increased opportunity for intentional or unintentional asset misappropriation.

Cause: The constrained number of employees dedicated to these functions and the ensuing overlying of functions causes segregation of duties to be challenging to maintain.

Recommendation: We recommend the City remain diligent in their attempts in improving the design and effectiveness of internal control in order to achieve effective segregation of duties. Hiring sufficient staff to support full segregation of duties will facilitate the proper recording and recognition of accounting data and will reduce the likelihood of misappropriation of City assets.

Response: Due to the size of the City's administration, total segregation of duties is not practical at this time. The City Council will continue to be closely involved in financial reporting and will continue to provide oversight as practical in order to mitigate the risk of misappropriation of assets.

Deficiencies:

2023-002 – Ommission of Necessary Financial Statement Disclosures

Criteria: GASB 87 requires lessees to disclose the provision adoption in the period of adoption.

Condition/Context: The City's financial statement disclosures did not contain the accounting policy change that occurred in the period under audit. During the fiscar year under audit, the City entered into its first leasing arrangement, making this year the year of implementation and therefore the year in which disclosure is required.

Effect: Without proper financial statement disclosure, the City would not be in compliance with GASB 87.

Cause: Given the late adoption due to lack of previous relevance, this note disclosure was simply overlooked.

Recommendation: We recommend the City add to the significant accounting policies the required disclosure regarding GASB 87 and the adopting of the new lease accounting provisions.

Response: Responsible parties have agreed to mitigate the issues, and the disclosure has been made prior to the issuance of the audit report.

Instances of Noncompliance with State Laws:

None noted. All prior audit findings relating to non-compliance with legal provisions have been successfully addressed and corrected.