CITY OF ELLIJAY, GEORGIA

FINANCIAL REPORT

For the Year Ended December 31, 2024

CITY OF **ELLIJAY, GEORGIA**
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2024

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PRINCIPAL OFFICERS

The City operates under the direction of the Mayor and Council with the daily operations carried out by the **Mayor. Following is a list of officials:**

MAYOR
William A. Hoyle

COUNCIL MEMBERS, 2024:

Al Fuller
Claudia Penland
Thomas Griffith
Tom Crawford
Kevin Pritchett

OFFICE **PERSONNEL:**

City Clerk - **Lori Pierce**

CITY ATTORNEY

Kayann Hayden West
Attorney at Law

INDEPENDENT AUDITOR

RL Jennings & Associates, PC

FINANCIAL SECTION

RL Jennings & Associates, PC
Certified Public Accountants

R. Lee Jennings, CFCA, CGMA. CPA
Marvin Chance, CGMA. CPA
Joe Sapp, CPA

Member

American Institute of
Certified Public Accountants

Georgia Society of
Certified Public Accountants

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Georgia 30161 Phone
706.802.1945 Fax
706.802.1279
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ellijay, as of December 31, 2024 and the respective changes in financial position, and, the respective budgetary comparisons for General Fund, American Rescue Plan (ARP) Act of 2021 Local Fiscal Recovery Fund, and Multiple Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Ellijay'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 Ellijay'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 Schedule of Changes in Net Pension (Assets) Liability and Related Ratios and the Schedule of Contributions on pages 30-31 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ellijay's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and the Schedule of Projects Constructed with Special Purpose Local Option Sale Tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Projects Constructed with Special Purpose Local Option Sale Tax is presented as required by Official Code of Georgia Annotated 48-8-21. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated August 9, 2024, on our consideration of the City of Ellijay'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 Ellijay's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Ellijay's internal control over financial reporting and compliance.

RL Jennings & Associates, PC
Ellijay, Georgia
August 18, 2025

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Component Unit
ASSETS		
Cash	$ 3,605,451	$ 6,952
Restricted cash	$ 1,261,814	
Receivables	536,940	-
Internal balances	(8,040)	-
Due from other governments	195,606	-
Prepaid items	37,249	-
Net pension assets	78,529	-
Right-to-use leased assets (net)	1,535	
Capital assets:		
Nondepreciable capital assets	441,497	-
Depreciable capital assets, net	5,204,372	-
Total assets	11,354,953	6,952
DEFERRED OUTFLOWS OF RESOURCES		
Pension amounts	46,266	-
LIABILITIES		
Accounts payable and accrued expenses	95,100	-
Capital lease payable - current	581	-
Total liabilities	95,681	-
DEFERRED INFLOWS OF RESOURES		
Pension amounts	16,694	-
Deferred revenue	392,499	-
Total deferred inflows	409,193	-
NET POSITION		
Net investment in capital assets	5,645,288	-
Restricted for:		
Capital projects	693,232	
Public safety	14,971	-
Tourism	53,463	-
Unrestricted	4,489,391	6,952
Total net position	$ 10,896,345	$ 6,952

The notes to financial statements are an integral part of this statement.

CITY OF ELLIJAY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental Activities					
General government	$ 544,549	$ 89,704	$ -	$ -	$ (454,845)
Judicial	138,422	-	-	-	(138,422)
Public safety	1,469,815	257,131	-	-	(1,212,684)
Public works	759,340	-	-	-	(759,340)
Culture and recreation	9,624	-	-	108,030	98,406
Housing and development	-	22,158	-	-	22,158
Interest on long-term debt	-	-	-	-	-
Total Governmental Activities	$ 2,921,750	$ 368,993	$ -	$ 108,030	(2,444,727)
Component Units					
Housing and development	$ -	$ -	$ -	$ -	$ -
Total Component Units	$ -	$ -	$ -	$ -	$ -

	Primary Government: Governmental Activities	Component Unit
Change in net position		
Net (expense) revenue	$ (2,444,727)	$ -
General Revenues:		
Property taxes, levied for general purposes	$ 384,521	-
Franchise taxes	345,425	-
Business taxes	189,340	-
Sales and excise taxes	2,255,118	-
Unrestricted investment earnings	88,123	148
Miscellaneous	30,658	
Transfers in(out)	-	-
Total general revenues	3,293,185	148
Change in net position	848,458	148
Net position - beginning of year	10,047,887	6,804
Net position - end of year	$ 10,896,345	$ 6,952

The notes to financial statements are an integral part of this statement.

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

	General Fund	Rescue Plan(ARP) of 2021 Local Fiscal Recovery	SPLOST Fund	Multiple Grant	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash	$ 3,486,337	438,010	$ 641,437	$ 53,463	$ 248,018	$ 4,867,265
Certificates of deposit	-	-	-	-	-	
Taxes receivable, net	488,104	-	-	-	2,141	490,245
Due from other funds	30,386	-	-	-	-	30,386
Due from other governments	145,961	-	49,645	-	-	195,606
Other receivables	46,695	-	-	-	-	46,695
Inventories	-		-		-	
Prepaid items	37,249	-	2,150	-	-	39,399
Total Assets	4,234,732	438,010	693,232	53,463	250,159	5,669,596
Liabilities						
Accounts payable	14,645	-	-	-	10,153	24,798
Due to other funds	-	-	-	-	38,426	38,426
Due to other governments	-	-	-	-	-	-
Accrued liabilities	44,498	-	-	-	-	44,498
Unavailable revenue	-	-	-	-	-	-
Total Liabilities	59,143	-	-	-	48,579	107,722
Deferred Inflows						
Unavailable revenue	246,739	433,433	-	-	-	680,172
Total Deferred Inflows	246,739	433,433	-	-	-	680,172
Fund balances						
Nonspendable	37,249	-	-	-	-	37,249
Restricted	-	4,577	693,232	53,463	10,394	802,620
Committed	-	-	-	-	119,112	119,112
Assigned	-	-	-	-	68,998	68,998
Unassigned	3,891,601	-	-	-	618	3,892,219
Total Fund Balances	$ 3,928,850	4,577	$ 693,232	53,463	$ 199,122	$ 4,920,198

The notes to financial statements are an integral part of this statement.

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

Total fund balance, governmental funds		$ 4,920,198
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds.		
Cost of capital assets	$ 10,990,278	
Less accumulated depreciation	(5,344,409)	5,645,869
Right-of-use assets used in governmental activities are not current financial resources and therefore are not reported in th efunds		
Cost of capital right-of-use leased assets	7,423	
Less accumulated amortization	(5,888)	1,535
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes	101,861	
Fines	95,220	
Licenses and permits	49,550	
Deferred outflows of resources-pension related	46,266	292,897
Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. These liabilities include the following:		
Capital leases	(581)	
Compensated absences	(25,408)	
Net pension asset	78,529	
Deferred infow of resources-pension related	(16,694)	35,846
Net Position of Governmental Activities in the Statement of Net Position		$ 10,896,345

The notes to financial statements are an integral part of this statement.

CITY OF ELLIJAY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	General Fund	American Rescue Plan(ARP) of 2021 Local Fiscal Recovery	SPLOST Fund	Multiple Grant	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	$ 376,040	$ -	$ -		$ -	$ 376,040
General and selective sales tax	1,502,711	-	530,578		65,555	2,098,844
Franchise taxes	345,425	-	-		-	345,425
Insurance premium taxes	177,363	-	-		-	177,363
Alcohol beverage taxes	156,273	-	-		-	156,273
Financial institution taxes	11,977	-	-		-	11,977
Fines and forfeitures	247,667	-	-		1,325	248,992
Licenses and permits	113,306	-	-		-	113,306
Intergovernmental	8,481	-	-	108,030	-	69,084
Charges for services	1,624	-	-		6,550	108,355
Investment earnings	66,945	2,202	12,740	1,166	5,159	76,412
Miscellaneous	4,179	-	-	1,525	20,250	25,954
Total Revenues	3,011,991	2,202	543,318	110,721	98,839	3,808,025
Expenditures:						
Current:						
General government	476,834	-	-	-	-	476,834
Public safety	1,332,676	-	-	-	12,025	1,344,701
Public works	385,515	-	63,770	-	-	449,285
Judicial	138,422	-	-	-	-	138,422
Culture and recreation	739	-	-	-	20,000	20,739
Housing and development	-	-	-	-	28,320	28,320
Capital Outlay:				-		
Public safety	63,056	-	-	-	6,000	69,056
Public works	17,000	-	340,886	106,964	-	464,850
Culture and recreation	-	-	6,015	-		6,015
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	2,414,242	-	410,671	106,964	66,345	2,998,222
Excess (Deficiency) of Revenues over Expenditures	597,749	2,202	132,647	3,757	32,494	809,803
Other Financing Sources (Uses):						
Proceeds from sale of fixed assets	-	-	-	-	-	-
Insurance recoveries	3,224	-	-	-	-	3,224
Transfers in	22,701	-	-	-	-	22,701
Transfers out	-	-	-	-	(22,701)	(22,701)
Total Other Financing Sources and Uses	25,925	-	-	-	(22,701)	3,224
Net change in fund balances	623,674	2,202	132,647	3,757	9,793	813,027
Fund balances - beginning of year	3,305,176	2,375	560,585	49,706	189,329	4,107,171
Fund balances - end of year	$ 3,928,850	$ 4,577	$ 693,232	$ 53,463	$ 199,122	$ 4,920,198

The notes to financial statements are an integral part of this statement.

CITY OF ELLIJAY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

Net change in fund balances - total governmental funds:			$ 813,027
Amounts reported for Governmental Activities in the Statement of Activities are different because:			
Governmental funds report capital outlays to purchase or construct capital assets as expenditures. However, in the Statement of Activities, the cost of capitalizable assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which such assets charged to capital outlays exceeded depreciation in the current year.			
Capital outlays	$ 422,730		
Depreciation expense	(354,506)		68,224
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. This is the amount by which reported revenues in the Statement of Activities exceeded revenues considered available by governmental funds.			
Amortization expense			(768)
Repayment of lease liability principle is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of activities			2,494
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue at the fund financial reporting level.			
Deferred revenue			
Property taxes	69,623		
Fines	(6,426)		
Business licenses	6,025		69,222
Certain expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. Likewise, certain expenditures in governmental funds are not recognized as expenses in the Statement of Activities to the extent they increase deferred outflows of resources or decrease liabilities or deferred inflows of resources.			
Accrued compensated absences	6,122		
Change in net pension liability and deferred amounts	(109,863)		(103,741)
Change in net position of governmental activities			$ 848,458

The notes to financial statements are an integral part of this statement.

CITY OF ELLIJAY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Property taxes	$ 424,557	$ 424,557	$ 376,040	$ (48,517)
Sales and miscellaneous taxes	1,727,000	1,727,000	2,202,230	475,230
Fines and forfeitures	187,335	187,335	247,667	60,332
Licenses and permits	107,300	107,300	113,306	6,006
Charges for services	750	750	1,624	874
Investment earnings	20,250	20,250	66,945	46,695
Miscellaneous	1,150	1,150	4,179	3,029
Total Revenues	2,468,342	2,468,342	3,011,991	543,649
Expenditures:				
Current:				
General government				
Legislative	31,377 *	31,377	29,360	(2,017)
Executive and administrative	456,528 *	456,528	447,474	(9,054)
Judicial		-		
Court	88,000 *	88,000	138,422	50,422
Public safety		-		
Police	985,000 *	985,000	947,397	(37,603)
Fire	500,108 *	500,108	448,335	(51,773)
Public works		-		
Streets and sidewalks	406,329	406,329	402,515	(3,814)
Culture and recreation		-		
Library	-	-	-	-
Parks	1,000 *	1,000	739	(261)
Housing and development		-		
Better Hometown	-	-	-	-
Debt service:				
Principal				
Interest and other charges				
Total Expenditures	2,468,342	2,468,342	2,414,242	(54,100)
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	-	-	597,749	597,749
Other Financing Sources (Uses)				
Insurance recoveries	-	-	3,224	3,224
Transfers in	-	-	22,701	22,701
Transfers out	-	-	-	-
Total Other Financing Sources and Uses	-	-	25,925	25,925
Net Change in Fund Balances	-	-	623,674	623,674
Fund Balances, beginning of year	3,305,176	3,305,176	3,305,176	-
Prior period adjustment	-	-	-	-
Fund Balances, end of year	$ 3,305,176	$ 3,305,176	$ 3,928,850	$ 623,674

The notes to financial statements are an integral part of this statement.

City of Ellijay, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and actual
American Rescue Plan (ARP) Act of 2021 Local Fiscal Recovery
For the year ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	$ 100,000	$ 100,000	$ -	$ (100,000)
Interest Income	1,600	1,600	2,202	602
Total Revenues	101,600	101,600	$ 2,202	(99,398)
Total Expenditures	101,600	101,600	-	101,600
Excess of Revenues over Expenditures	-	-	2,202	2,202
Other Financial Sources(Uses)				
Transfers out	-	-	-	-
Total Other Financial Sources(Uses)	-	-	-	-
Net Change in Fund Balances	$ -	$ -	$ 2,202	
Fund Balances Beginning of Year			2,375	
Fund Balances End of Year			$ 4,577	

See accompany notes to the basic financial statements

City of Ellijay, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Multiple Grant
For the Year ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	$ 47,305	$ 47,350	108,030	$ 60,680
Interest Income	-	-	1,166	1,166
Miscellaneous Income	-	-	1,525	1,525
Total Revenues	-	-	$ 110,721	63,371
Total Expenditures	47,350	47,350	106,964	59,614
Excess of Revenues over Expenditures	-	-	3,757	122,985
Other Financial Sources(Uses)				
Transfers out	-	-	-	-
Total Other Financial Sources(Uses)	-	-	-	-
Net Change in Fund Balances	$ -	$ -	$ 3,757	$ 122,985
Fund Balances Beginning of Year			49,706	
Fund Balances End of Year			$ 53,463	

See accompanying notes to the basic financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Ellijay, Georgia, (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government 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

The City was incorporated on December 29, 1834, and is an incorporated community in Gilmer County, Georgia. The City operates under a city council/mayor form of government. Policy making and legislative authority are vested in the mayor and a five-member City Council elected at large. The Mayor is responsible for the daily operations of the City. The City provides basic services which include general government, public safety, public works, culture and recreation, and housing and development.

In defining the reporting entity for financial reporting purposes and as required by accounting principles generally accepted in the United States of America, management has considered all potential component units. The criteria for including an organization within the City's reporting entity as a component unit is financial accountability. Financial accountability is defined as appointment of a voting majority of the organization's board and either the ability to impose will by the primary government or the possibility that the organization will provide a financial benefit or impose a financial burden on the primary government. As a result of applying these criteria, there are no component units included in the financial statements of the City.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from the government-wide statements, Governmental *activities*, which normally are supported by taxes and intergovernmental revenues.

The Statement of Activities reports the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to those who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses and program revenues identifies the extent to which each program is self-financing or draws from the general revenues of the City.

The City's accounting system is organized and operated on a fund basis. 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. The City's funds are grouped into two broad fund categories and four generic fund types for financial statement presentation purposes. Governmental funds include the general, special revenue and capital projects funds. At present, the City operates five special revenue funds and two capital projects funds.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for the City's governmental funds.

The fund financial statements report detailed information about the City's funds. The focus of fund financial statements is on major governmental funds rather than on fund types. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The SPLOST Fund (2020) is used to account for revenues provided by referendums authorizing a one percent Special Purpose Local Option Sales Tax for Gilmer County, to be shared with the City. The use of SPLOST proceeds received by the City is restricted to capital projects specified according to the intergovernmental agreements with Gilmer County in connection with each SPLOST referendum.
- The American Rescue Plan (ARP) Act *of 2021 Local Fiscal Recovery Fund* - is a special revenue fund used to account for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.
- The Multiple Grant Fund is used to account for revenues provided by grants received by the City for various projects.

Additionally, the City reports the following fund types:

- Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The City currently operates three special revenue funds; all three are considered nonmajor.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales taxes are recognized when the underlying transaction occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government-wide 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. Net position restricted for capital projects reflect the restrictions of their use.

Governmental fund financial statements, on the other hand, are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Expenditures generally are recorded in the accounting period in which a fund liability is incurred, as under accrual 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.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, sales taxes, franchise taxes, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Cash and Investments

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

State of Georgia statutes require all financial institution deposits and investments in excess of the federal depository insured amount to be fully collateralized by an equivalent amount of state or U.S. obligations. State of Georgia statutes authorize the City to invest in (1) U.S. Government obligations; (2) U.S. Government agency obligations; (3) obligations of the State of Georgia; (4) obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investor's Service, Inc.; (5) 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 association; (6) repurchase agreements when collateralized by U.S. Government or agency obligations; and (7) pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments are reported at fair market value as determined by quoted market prices. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

E. Prepaid Items

Certain payments to vendors for services that will benefit future accounting periods are recorded as prepaid items in both government-wide and governmental fund financial statements. Prepaid items reported by governmental funds are also equally offset by fund balance classified as nonspendable, which indicates they do not constitute "available, spendable financial resources" even though they are a component of net current assets.

F. Capital Assets, Right-of-use Assets, and Related depreciation and amortization

Capital assets, which include land, buildings and improvements, machinery and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. In accordance with authoritative accounting principles, infrastructure assets acquired prior to January 1, 2004, have not been capitalized as of December 31, 2015. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Land and construction in progress are not depreciated. Other capital assets of the City are depreciated using the straight line method over the following useful lives:

Asset Class	Years
Vehicles	5-12
Machinery and equipment	5-20
Building improvements	15-30
Infrastructure	20-50
Buildings	25-50

G. Leases

In June 2017, the Government Accounting Standards Board issued Statement No. 87, Leases, with an effective date for fiscal years beginning after June 15, 2021. The objective of the statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of revenue based on the payment provisions of the

contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities Leased assets are amortized over term of the lease. The initial inclusion of leases upon adoption of the standard is presented as the balances on the first day of the fiscal year of implementation: therefore, no restatement of prior periods required.

H. Compensated Absences

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

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column of the Statement of Net Position.

J. Interfund Transactions and Balances

Quasi-external transactions are accounted for as revenues and expenditures and are not eliminated. The City had no quasi-external transactions during the year.

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Outstanding interfund balances at year end related to such reimbursements, as well as activity between funds representative of lending/borrowing arrangements, are reported as "due to/from other funds" in the governmental fund financial statements. All other interfund transactions are reported as transfers. At year end, all interfund balances outstanding and all transfers among governmental funds are eliminated in the government-wide statements.

Receipts and/or payments to or from other governmental units, not included in the reporting entity of the City, are not reported as transfers, but rather according to the purpose for which the receipt or payment is made.

K. Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one type of item which arises under the *economic resources measurement focus* and accrual accounting that qualifies for reporting in this category. Accordingly, a deferred pension asset has been recorded as required by the newly issued accounting

standards, GASB 68 – Accounting and Financial Reporting for Pensions, and GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only two types of items which arise under the *current financial resources measurement focus* and modified accrual accounting that qualifies for reporting in this category.

In accordance with the newly issued pension standards as noted above, the City also has one type of item which arises under the *economic resources measurement focus* and accrual accounting that qualifies for reporting as a *deferred inflow of resources*. Accordingly, a deferred pension liability has been recorded as required by the newly issued pension standards noted above.

L. Fund Balance

Fund balances of governmental funds are presented in various classifications that comprise a hierarchy which is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. Descriptions and the City's policies with respect to these classifications are as follows:

- ***Nonspendable*** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City has classified prepaid items as nonspendable as these items are not resources in spendable form.
- ***Restricted*** – includes amounts that are restricted to specific purposes by external sources (creditors, grantors, contributors or laws or regulations of other governments) or by constitutional provision or enabling legislation. The City's capital projects funds are legally restricted to expenditures for specific purposes.
- ***Committed*** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City's highest level of decision-making authority. Commitments may be modified or rescinded only through adoption of a subsequent resolution.
- ***Assigned*** – includes amounts that have been constrained by the City's intent to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The City Council has retained, for itself, the authority to assign or earmark funds for specific use. However, unlike commitments, assignments do not require formal action and generally only exist temporarily. This classification also includes all remaining positive fund balance for all governmental funds other than the General Fund.
- ***Unassigned*** – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

The City's policy would be to use restricted fund balances first when expenditure is made for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Otherwise, it is the City's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are made for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

M. Net Position

Net position in financial reporting is based on the *economic resources measurement focus* and represents the difference between (a) total assets and deferred outflows of resources and (b) total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. The remaining portion of net position is reported as unrestricted.

The City's policy would be to use restricted net position first when expenditure is made for purposes for which both restricted and unrestricted net position is available

N. Use of Estimates

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

NOTE 2. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

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

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

B. Excess of expenditures over appropriations

As shown in the accompanying budgetary comparison statement for the General Fund, departmental expenditures exceed appropriated budget amounts during the year by the following net amounts:

Department	Expenditures in excess of budget
Judicial	$ 50,422

The excess expenditures were covered by greater than budgeted revenues.

NOTE 3. CASH ON DEPOSITS AND INVESTMENT RISK

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

At December 31, 2024 the bank balance of all deposits was $4,826,466 and the carrying amount was $4,870,732. 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%.

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

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

NOTE 4. RECEIVABLES

Receivables at December 31, 2024, for the City's activities in the aggregate are as follows:

Receivables:	General Fund	SPLOST IV Fund	Total
Property taxes	$ 176,640	$ -	$ 176,640
Franchise taxes	319,524	-	319,524
Fines	67,844		67,844
Alcoholic beverage excise tax	11,604		11,604
Hotel/motel tax	6,317	-	6,317
Other governments:			-
Title ad valorem tax	5,313		5,313
Sales taxes	140,648		140,648
Grants	-		-
SPLOST allocation	-	49,645	49,645
Gross receivables	727,890	49,645	777,535
Less allowance for uncollectibles	(8,060)	-	(8,060)
Net receivables	$ 735,950	$ 49,645	$ 785,595

The City bills and collects its own property taxes. Property taxes were levied in October 2024. The tax levy was payable on or before January 20, 2025, after which the account is assessed penalties. Interest on unpaid taxes began accruing on April 20, 2025. The property is subject to lien, as applicable, after those dates. Property taxes receivable at year-end is estimated based on the tax levy, less amounts collected prior to December 31, 2024. The property taxes levied in October 2024 were intended for use in the 2024 budget year. Therefore, only the taxes not collected within 60 days of the year-end are included in deferred inflows of resources on the governmental fund balance sheet. Prior year levies were recorded using substantially the same principles, and remaining receivables are re-evaluated annually for collectability.

The City has not established a lien date for unpaid property taxes.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, was as follows:

Governmental Activities:	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not depreciated:				
Land	$ 415,068	$ -	$ -	$ 415,068
Construction in progress	177,488	6,014	(157,074)	26,428
Total capital assets not depreciated	592,556	6,014	(157,074)	441,496
Capital assets depreciated:				
Infrastructure	4,711,332	340,886	-	5,052,218
Buildings	2,550,140	157,074	-	2,707,214
Land improvements	370,467	-	-	370,467
Machinery and equipment	820,778	-	-	820,778
Vehicles	1,521,876	76,230	-	1,598,106
Total capital assets depreciated	9,974,593	574,190	-	10,548,783
Less accumulated depreciation for:				
Infrastructure	1,822,465	180,102	-	2,002,567
Buildings	963,833	54,618	-	1,018,451
Land improvements	266,605	10,217	-	276,822
Machinery and equipment	652,849	30,566	-	683,415
Vehicles	1,284,150	79,003	-	1,363,153
Total accumulated depreciation	4,989,902	354,506	-	5,344,408
Total capital assets depreciated, net	4,984,691	219,684	-	5,204,375
Governmental activities - capital assets, net	$ 5,577,247	$ 225,698	(157,074)	$ 5,645,871

Depreciation expense for the year ended December 31, 2024, was charged to functions/programs of the primary government as follows:

Governmental Activities:	Depreciation Expense
General government	$ 13,676
Public safety	129,668
Public works	206,277
Culture and recreation	4,885
Total expense - Governmental activities	$ 354,506

NOTE 6. RESTRICTED ASSETS

Restricted cash is related to the following funds for the stated purpose below.

Restrictions:	Governmental Activities
Restricted cash:	
SPLOST Fund - for purposes legally authorized under the 2020 SPLOST intergovernmental agreement	$ 641,437
Multiple Grant Fund - for purposes of grant received	53,463
Hotel Motel Fund - for tourism, conventions, and trade shows	106,565
ARPA Fund - Government grant funds	438,010
Technology Fund - Technology for polic e department	13,034
Bond Escrow fund - Bonds held on behave of others	9,305
Total restricted cash	$ 1,261,814

NOTE 7. LONG-TERM DEBT

The City currently has no outstanding financing debt.

The following is a summary of long-term debt activity for the year ended December 31, 2024:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Compensated absences (1)	31,530	55,912	(62,034)	25,408	25,408
Total	$ 31,530	$ 55,912	$ (62,034)	$ 25,408	$ 25,408

(1) Typically, compensated absences under governmental activities are paid by the General Fund. The City encourages and expects employees will use leave time annually as it accrues.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund activity consisted of the following for the year ended December 31, 2024:

Receivable Fund	Payable Fund	Amount
General Fund	Hotel/Motel Fund	30,386
		$ 30,386

NOTE 9. FUND EQUITY

Restricted – The following fund balances are restricted for:

Multiple Grant Fund – capital projects financed with grant revenues.	$ 53,463
SPLOST Fund – capital projects funded with sales tax	693,232
Nonmajor Special Revenue Funds - public safety expenditures.	10,394
	$ 757,089

Committed – The following fund balances are committed for:

Nonmajor Special Revenue Funds – purposes of cemetery expenses	$ 119,112

Assigned – The following fund balances are assigned for:

Nonmajor Special Revenue Funds – purposes of community development	$ 68,996

NOTE 10. PENSION PLANS

A. Plan Description

The City, as authorized by the City Council, has established The City of Ellijay Retirement Plan (CBRP), a defined benefit pension plan, covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City makes no investments on behalf of the CBRP. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the CBRP provides pension benefits and death and disability benefits for plan members and beneficiaries. Eligibility for participation is available immediately beginning with date of employment for all full-time employees who work at least forty hours a week. Elected officials are not covered by the CBRP. Employee benefits fully vest after five years of service.

To receive full benefits, an employee must be age 65 with at least 5 years of service. Early retirement is possible at age 55 and 10 years of service. Employee benefits vest after 5 years of service. The benefit is based on the highest five years average earnings. Employees do not contribute toward the plan.

Plan Membership. At July 1, 2024, the date of the most recent actuarial valuation, there were 66 participants consisting of the following:

Retired participants and beneficiaries	18
Vested former participants	28
Active participants	20
Total	66

Contributions. The plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law (Georgia Code Section 47-20-10). The Board of Trustees of GMEBS has adopted an 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 Council, is to contribute an amount equal to or greater than the recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended December 31, 2024, the City's recommended contribution (and amount contributed) of $48,525 was 4.80% of expected payroll.

B. Net Pension Liability of the City

Effective January 1, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with these new standards.

Actuarial data developed in connection with the City's actuarial valuation as of July 1, 2024, were used to measure total pension liability as of March 31, 2024. The balances as of March 31, 2024, constitute measurements of the net pension liability for the year ending December 31, 2024.

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

Net investment rate of return	7.375%
Projected salary increases	2.25% (plus service base merit increases)
Cost of living adjustments	N/A

Mortality rates for were based on the Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25, and on the Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

The methods and assumptions used in the July 1, 2023 valuation were approved by the Board in December 2019 based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019 conducted by Segal in November and December of 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. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

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Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2024, are summarized in the table below.

Asset class	Target Allocation	Long-term expected real rate of return
Domestic equity	45%	6.91%
International equity	20%	7.21%
Real estate	10%	3.61%
Global fixed income	5%	1.67%
Domestic fixed income	20%	1.61%
Cash	0%	-
	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 contributions from the City will be made at the recommended contribution rate as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2024, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at March 31, 2023	$ 1,142,196	$ 1,110,862	$ 31,334
Changes for the year:			
Service cost	30,528	-	30,528
Interest	84,425	-	84,425
Differences between expected and actual experience	(21,744)	-	(21,744)
Contributions - employer	-	28,773	(28,773)
Contributions - employee	-	-	-
Net investment income	-	183,163	(183,163)
Benefit payments, including refunds of employee contributions	(55,968)	(55,968)	-
Administrative expense	-	(8,864)	8,864
Other changes	-	-	-
Net changes	37,241	147,104	(109,863)
Balances at March 31, 2024	$ 1,179,437	$ 1,257,966	$ (78,529)

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 percent, 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(asset)	$ 68,358	$ (78,529)	$ (200,733)

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

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

For the year ended December 31, 2024, the City recognized pension expense of $21,328. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 9,872	$ 14,496
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	35,174
City contributions subsequent to the measurement date	36,394	-
Total	$ 46,266	$ 49,670

City contributions of $36,394 subsequent to the measurement date and are thus reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2025	$ (42,922)
2026	9,617
2027	14,020
2028	(20,513)
Total	$ (39,798)

NOTE 11. JOINT VENTURE

The City of Ellijay, Georgia, in conjunction with cities and counties in the fifteen (15) county Northwest Georgia areas is a member of the Northwest Georgia Regional Commission (NWGRC). Membership in a regional commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the regional development centers (RDCs), and was amended in 2008 to consolidate the existing RDCs into fewer organizations called Regional Commissions (RCs). Each county and municipality in the state is required by law to pay minimum annual dues to the RC. An RC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The County board members and municipal board members from the same County elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a County.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDCs (later transferred to RCs) as "public agencies and instrumentalities of their members". Georgia law also provides that the member governments are liable for any debts or obligations of an RC beyond its resources (O.C.G.A. 50-8-39.1). Separate financial statements can be provided by contacting the RC directly.

NOTE 12. RISK MANAGEMENT

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

The City has insurance coverage with a local agency. Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by the agency, as well as following loss reduction and prevention procedures established by the agency. The agency's responsibility includes paying claims, and representing the City in defense and settlement of claims. The agency's basis for establishing the liabilities for unpaid claims is established by an actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims that the City is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2024. No provisions have been made in the financial statements for the year ended December 31, 2024, for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the City has no legal obligation to pay its own workers' compensation determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus reserves. No amount has been recorded in the financial statements for this contingency, as management believes the likelihood for assessment is remote. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by

the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss.

The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds. The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia.

The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Grant Contingencies

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

Commitments

The City routinely enters into agreements and commitments during the year in the ordinary course of business. Such agreements do not give rise to assets or liabilities considered material.

Litigation

There are no suits pending on unasserted claims that would result in material liabilities to the City. The City has entered into various agreements and contracts in the normal course of business. There were no such agreements which give rise to assets or liabilities that are considered to be material at December 31, 2024.

NOTE 14. HOTEL/MOTEL TAX

The City has levied a 5% lodging tax for applicable businesses inside the City. The City changed this rate to 8% starting August 1, 20023. During the year ended December 31, 2024, $65,555 was earned as revenue from the lodging tax. Per state law, 40% of the revenue was required to be spent to promote tourism, conventions and trade shows. The City spent $48,320 (representing 74%) in the current year for these purposes. The excess revenue from 2024 will be spent in 2025 to comply with the requirements of state law.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ELLIJAY, GEORGIA
RETIREMENT PLAN
SCHEDULES OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Year End 2024	Year End 2023	Year End 2022	Year End 2021	Year End 2020	Year End 2019	Year End 2018	Year End 2017	Year End 2016	Year End 2015
Total pension liability										
Service cost	$ 30,528	$ 23,676	$ 24,884	$ 20,018	$ 22,984	$ 18,944	$ 21,445	$ 23,989	$ 20,631	$ 19,974
Interest	84,425	78,215	72,708	66,748	62,570	57,642	55,031	54,815	52,585	54,896
Differences between expected and actual experience	(21,744)	29,617	29,819	31,654	19,120	15,231	(22,989)	(48,746)	(19,247)	(70,900)
Changes of assumptions	-	-	-	-	1,385	-	14,977	-	-	(3,586)
Benefit payments, including refunds of employee contributions	(55,968)	(52,368)	(50,671)	(34,291)	(30,297)	(30,012)	(27,849)	(26,684)	(23,702)	(36,718)
Net change in total pension liability	37,241	79,140	76,740	84,129	75,762	61,805	40,615	3,374	30,267	(36,334)
Total pension liability - beginning	1,142,196	1,063,056	986,316	902,187	826,425	764,620	724,005	720,631	690,364	726,698
Total pension liability - ending (a)	$ 1,179,437	$ 1,142,196	$ 1,063,056	$ 986,316	$ 902,187	$ 826,425	$ 764,620	$ 724,005	$ 720,631	$ 690,364
Plan fiduciary net position										
Contributions - employer	$ 28,773	$ 23,813	$ 31,669	$ 40,355	$ 36,734	$ 35,164	$ 35,635	$ 30,830	$ 27,638	$ 27,830
Net investment income	183,163	(83,165)	72,445	372,469	(62,287)	31,092	95,457	86,478	2,162	61,602
Benefit payments, including refunds of employee contributions	(55,968)	(52,368)	(50,671)	(34,291)	(30,297)	(30,012)	(27,849)	(26,684)	(23,702)	(36,718)
Administrative expense	(8,864)	(10,506)	(10,109)	(9,807)	(10,605)	(10,262)	(10,456)	(10,608)	(7,532)	(7,045)
Net change in plan fiduciary net position	147,104	(122,226)	43,334	368,726	(66,455)	25,982	92,787	80,016	(1,434)	45,669
Plan fiduciary net position - beginning	1,110,862	1,233,088	1,189,754	821,028	887,483	861,501	768,714	688,698	690,132	644,463
Plan fiduciary net position - ending (b)	$ 1,257,966	$ 1,110,862	$ 1,233,088	$ 1,189,754	$ 821,028	$ 887,483	$ 861,501	$ 768,714	$ 688,698	$ 690,132
Net pension liability (asset) - ending (a) - (b	$ (78,529)	$ 31,334	$ (170,032)	$ (203,438)	$ 81,159	$ (61,058)	$ (96,881)	$ (44,709)	$ 31,933	$ 232
Plan fiduciary net position as a percentage of total pension liability	106.66%	97.26%	115.99%	120.63%	91.00%	107.39%	112.67%	106.18%	95.57%	99.97%
Covered-employee payroll	$ 889,080	$ 999,429	$ 788,751	$ 914,141	$ 791,866	$ 818,946	$ 674,157	$ 729,126	$ 821,999	617,354
Net pension liability as a percentage of covered-employee payroll	-8.83%	3.14%	-21.56%	-22.25%	10.25%	-7.46%	-14.37%	-6.13%	3.88%	0.04%

Historical information prior to implementation of GASB 68 is not required.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 48,525	$ 19,926	$ 40,012	$ 40,469	$ 35,489	$ 35,056	$ 35,828	$ 38,223	$ 27,130
Contributions in relation to the actuarially determined contribution	48,525	19,926	40,012	40,469	35,489	35,056	35,828	$ 38,223	27,130
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 999,429	$ 788,751	$ 914,141	$ 791,866	$ 818,946	$ 674,157	$ 729,126	$ 821,999	$ 617,354
Contributions as a percentage	4.86%	2.53%	4.38%	5.11%	4.33%	5.20%	4.91%	4.65%	4.39%

See accompanying notes to Required Supplementary Information

Valuation Date	The actuarially determined contribution was determined as of July 1, 2023 with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending December 31, 2024.
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	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 end of year. The actuarial value is adjusted, if necessary, to bewithin 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	N/A
Retirement Age	Where normal retirement is only available on or after age 65 retirement age is assumed to be 60% at age 65 to 69 and 100% at age 70
Mortality	Mortality rates for were based on the Sex-district Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25, and on the Sex-district Pri-2012 head-count weighted Disbaled Retiree Mortality Table with rates multipled by 1.25.

The above information reflects the assumptions and methods in use during the valuation dated July 1, 2022, for which the most recent information is reported above.

OTHER SUPPLEMENTARY INFORMATION

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

	Confiscated Assets	Cemetery Fund	Hotel/Motel Fund	Bond Escrow Fund	Technology Fee Fund	Total
Assets						
Cash	$ 2	$ 119,112	$ 106,565	$ 9,305	$ 13,034	$ 248,018
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Taxes receivable	-	-	2,141	-	-	2,141
Total Assets	$ 2	$ 119,112	$ 108,706	$ 9,305	$ 13,034	$ 250,159
Liabilities:						
Accounts payable	$ -	$ -	9,506	647	$ 2,640	$ 10,153
Due to other funds	-	-	30,386	8,040	-	38,426
Total Liabilities	-	-	39,892	8,687	2,640	48,579
Fund Balances:						
Restricted	-	-	-	-	10,394	10,394
Committed		119,112				119,112
Assigned	2		68,996	-		68,998
Unassigned	-	-	-	618	-	618
Total Fund Balances (Deficit)	2	119,112	68,996	618	10,394	199,122
Total Liabilities and Fund Balances	$ 2	$ 119,112	$ 108,888	$ 9,305	$ 13,034	$ 247,701

CITY OF ELLIJAY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	Confiscated Assets	Cemetery Fund	Hotel/Motel Fund	Bond Escrow Fund	Technology Fee Fund	Total
Revenues:						
Property taxes						
Selective sales taxes	$ -	$ -	$ 65,555	$ -	$ -	$ 65,555
Fines and forfeitures	1,325	-	-	-	-	1,325
Licenses and permits	-	-	-			-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	6,550	6,550
Investment earnings	8	2,200	2,094	494	363	5,159
Miscellaneous	-	20,250	-	-	-	20,250
Total Revenues	1,333	22,450	67,649	494	6,913	98,839
Expenditures:						
Current:						
Public safety	2,007	-	-	125	9,893	12,025
Public works	-	-	-	-	-	-
Housing and development	-	-	28,320	-		28,320
Culture and recreation	-	-	20,000			20,000
Education	-	-	-	-	-	-
Miscellaneous expenditures	-					-
Debt Service						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlay						
Public saftey	-	-	-	-	6,000	6,000
Total Expenditures	2,007	-	48,320	125	15,893	66,345
Excess (Deficiency) of Revenues over Expenditures Before Other Financing Sources (Uses)	(674)	22,450	19,329	369	(8,980)	41,474
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(22,701)	-	-	(22,701)
Total Other Financing Sources (Uses)	-	-	(22,701)	-	-	(22,701)
Net change in fund balances	(674)	22,450	(3,372)	369	(8,980)	9,793
Fund Balances - beginning of year	676	96,662	72,368	249	19,374	189,329
Fund Balances (deficit) - end of year	$ 2	$ 119,112	$ 68,996	$ 618	$ 10,394	$ 199,122

City of Ellijay,Georgia
Schedule of Revenues, Expenditures and Changes in FUnd Balances - Budget and Actual
Bond Escrow Fund
For the year ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Fines and forfeitures	$ 50,000	$ 50,000	-	$ (50,000)
Investment earnings	-	-	494	494
Total Revenues	50,000	50,000	494	(49,506)
Expenditures				
Current				
Judicial	50,000	50,000	125	50,000
Total Expenditures	50,000	50,000	125	49,875
Excess of Revenues over Expenditures	-	-	369	369
Total Other Financial Sources(Uses)	-	-	-	-
Net Change in Fund Balances	$ -	$ -	$ 369	$ 369
Fund Balances Beginning of Year			249	
Fund Balances End of Year			$ 618	

City of Ellijay,Georgia
Schedule of Revenues, Expenditures and Changes in FUnd Balances - Budget and Actual
Cemetery Fund
For the year ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Charges for services	$ 5,000	$ 5,000	20,250	$ 15,250
Investment earnings	-	-	2,200	2,200
Total Revenues	5,000	5,000	22,450	17,450
Expenditures				
Current				
Public Works	5,000	5,000	-	5,000
Total Expenditures	5,000	5,000	-	5,000
Excess of Revenues over Expenditures	-	-	22,450	22,450
Net Change in Fund Balances	$ -	$ -	$ 22,450	$ 22,450
Fund Balances Beginning of Year			96,662	
Fund Balances End of Year			$ 119,112	

City of Ellijay,Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Confiscated Assets Fund
For the year ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Charges for services	$ -	$ -	$ 1,325	$ 1,325
Investment earnings	10	10	8	(2)
Total Revenues	10	10	1,333	1,323
Expenditures				
Current				
Public Works	10	10	2,007	1,997
Total Expenditures	-	-	2,007	(2,007)
Excess of Revenues over Expenditures	-	-	(674)	(684)
Net Change in Fund Balances	$ -	$ -	$ (674)	$ (684)
Fund Balances Beginning of Year			676	
Fund Balances End of Year			$ 2	

City of Ellijay,Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Hotel/Motel Tax Fund
For the year ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Hotel/Motel taxes	$ 50,000	$ 50,000	65,555	$ 15,555
Investment earnings	900	900	2,094	1,194
Total Revenues	50,900	50,900	67,649	16,749
Expenditures				
Current				
Housing and economic development	50,900	50,900	48,320	2,580
Total Expenditures	50,900	50,900	48,320	2,580
Excess of Revenues over Expenditures	-	-	19,329	19,329
Transfers out	-	-	(22,701)	$ (22,701)
Net Change in Fund Balances	$ -	$ -	$ (3,372)	$ (3,372)
Fund Balances Beginning of Year			72,186	
Fund Balances End of Year			$ 68,814	

City of Ellijay,Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Technology Fee Fund
For the year ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Fines and forfeitures	$ 5,500	$ 5,500	6,551	$ 1,051
Investment earnings	-	-	363	363
Total Revenues	5,500	5,500	6,914	1,414
Expenditures				
Current				
Public safety	14,500	14,500	15,893	1,393
Total Expenditures	14,500	14,500	15,893	(1,393)
Excess (Deficiency) of Revenues over Expenditures	(9,000)	(9,000)	(8,979)	21
Other Financial Sources(Uses)				
Prior year fund balance	9,000.00	9,000.00	-	-
Total Other Financial Sources(Uses)	9,000.00	9,000.00	-	-
Net Change in Fund Balances	$ -	$ -	$ (8,979)	$ 21
Fund Balances Beginning of Year			19,374	
Fund Balances End of Year			$ 10,395	

CITY OF ELLIJAY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2024

PROJECT	Estimated Cost		Expenditures			Estimated % of Completion
	Original	Current	Prior Years	Current Year	Total	
SPLOST 2020						
Road, street and bridge purposes, which purposes may include sidewalks, bicycle paths, parks recreation equipment and capital outlay	$ 1,680,000	$ 1,680,000	$ 1,549,737	$ 410,671	$ 1,960,408	117%

Note A: Basis of Accounting ---This schedule has been prepared on the modified accrual basis of accounting.

INTERNAL CONTROL AND COMPLIANCE SECTION

RL Jennings & Associates, PC
Certified Public Accountants

R. Lee Jennings, CFCA, CGMA, CPA
Marvin Chance, CGMA, CPA

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and City Council
City of 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Ellijay, Georgia, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise City of Ellijay, Georgia's basic financial statements, and have issued our report thereon dated August 18, 2025.

Report on Internal Control over Financial Reporting

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

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 or significant deficiencies may exist that were not identified.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as 2018-001 and 2018-003 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Ellijay, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

City of Ellijay Georgia's response to findings

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

Purpose of This Report

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

RL Jennings & Associates, PC

Ellijay, Georgia
August 18, 2025

CITY OF ELLIJAY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2024

Material Weaknesses:

2018-001 - Material Adjustments to Financial Statements

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

Condition/Context: Material adjustments to all account classes were required to prevent the financial statements from being materially misstated. This resulted in inaccurate information from which management was operating and making financial decisions throughout the year, as well as year-end reporting of financial results.

Cause: Activity in the subledgers were not regularly reconciled to the general ledger in order to correct errors or misstatements.

Effect: As a result of the misstatement, all account classes were materially misstated.

Recommendation: Activity in the subledgers and software modules should be reconciled to the general ledger monthly so that errors in financial information can be prevented or corrected in a timely manner.

Response: The City agrees with this finding and will continue their efforts for accurate financial reporting in the future.

2018-003: Lack of Segregation of Duties

Criteria: Segregation of employees' duties is a common practice in an effective internal control structure. Policies should be in place requiring the segregation of duties involving cash receipts, cash disbursements, general ledger and bank reconciliation.

Condition/Context: During the course of the audit, we noted many critical duties are combined and given to the available employees.

Cause: The limited number of employees working in the office and the resulting overlapping of duties causes segregation of duties to be difficult.

Effect: Without some segregation of duties within these functions, there is increased exposure that someone could intentionally or unintentionally misappropriate assets of the City.

Recommendation: To the extent possible, duties should be segregated to maintain the best control system possible. We feel segregation of duties could be improved if different employees performed the separate duties of processing cash receipts and cash disbursements and maintaining the general ledger. In situations where additional personnel are not available, an effort should be made to divide the duties of the available personnel in such a manner as to achieve the greatest possible segregation of duties. Increased Council involvement in the City's finances is also encouraged to strengthen internal controls. When these suggestions are implemented the City's system of internal control will be enhanced, so that the risk of employee misappropriation of assets is reduced.

Response: The lack of segregation of duties is a recurring item as the limited number of employees makes segregation of duties difficult to accomplish. Management plans to continue close involvement with the City's finances to aid in this matter.