CITY OF TOCCOA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2024

MAULDIN & JENKINS

CPAs & ADVISORS

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the
City Commission of the City of Toccoa, Georgia
Toccoa, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **City of Toccoa, Georgia** (the "City") as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, when applicable, cash flows thereof and the budgetary comparison for the General Fund and American Rescue Plan Act Fund for the fiscal 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 (GAAS) 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 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'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 GAAS 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 GAAS 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'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'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 the City's Net Pension Liability and Related Ratios, and the Schedule of City Contributions, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part

of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards, and the schedule of expenditures of 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 our report dated November 11, 2024 on our consideration of the City'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'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's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 11, 2024

As management of the City of Toccoa (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024. This narrative is intended to assist the reader in understanding significant issues and provide an overview of financial activities and identify changes in financial position. We encourage readers to consider the information presented herein, in conjunction with the additional information furnished in the financial statements, and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2024 by $57,379,372 (net position). Of this amount, $2,779,157 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net position decreased by $20,565 during the fiscal year ended June 30, 2024; with a decrease from business-type activities of $581,747 and an increase in governmental activities of $561,182.

- As of June 30, 2024, the City's governmental funds reported combined ending fund balances of $9,782,468 an increase of $143,819 in comparison with the prior year. This increase is attributable mainly to SPLOST VII collections offsetting expenditures and transfers out exceeding revenues and transfers in the other funds.

Overview of the Financial Statements

The annual financial statements consist of a series of financial statements. This narrative is intended to serve as an introduction to the basic financial statements. The City's basic financial statements comprise three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. They are prepared using the accrual basis of accounting, which is the accounting method used in most private-sector companies. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

1) The "statement of net position" presents information on all of the City's assets, liabilities, deferred outflows of resources, and deferred inflows of resources, with the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the City is improving or deteriorating.

2) The "statement of activities" presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish between functions that are principally supported by taxes and intergovernmental revenues (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities of the City include general government, public safety, public works, culture and recreation, and economic and community development. Business-type activities include water and sewer, solid waste, natural gas services, and the golf course.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements focus on the most significant funds, reporting on the City's operations in greater detail than the government-wide statements. All of the City's funds can be divided into two categories: governmental and proprietary.

Governmental Funds: Most of the basic services provided by the City are financed through governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. These statements assist the reader in determining whether there are adequate financial resources available to meet the current needs of the City.

Because the focus of governmental funds is short-term and the focus of the government-wide financial statements is both short-term and long-term, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven (7) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the five funds which are considered to be major funds. The remaining funds are aggregated and presented as nonmajor governmental funds; however, a combining schedule for the nonmajor governmental funds is presented as supplementary information to these financial statements.

The City adopts an annual appropriated budget for the General Fund and all special revenue funds. Project length budgets are adopted for all capital project funds. A budgetary comparison statement is provided for the General Fund and American Rescue Plan Act Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 16-20 of this report.

Proprietary Funds: The City maintains one type of proprietary funds - enterprise funds. Enterprise funds charge a fee for services to outside customers. The City uses individual enterprise funds to account for its water and sewer, solid waste, natural gas, and golf course activities – each of which is considered to be a major fund. The City's enterprise fund statements are the same as the business-type activities reported in the government-wide financial statements, but provide more detail.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential for the reader in order to obtain a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 24-53 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees.

The required supplementary information can be found on pages 54 and 55 of this report.

The "combining statements" referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Combining and individual fund statements and schedules can be found on pages 56-60 of this report.

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Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $57,379,372 and $57,399,937 at June 30, 2024 and 2023, respectively. The following is a condensed version of the government-wide statement of net position.

City of Toccoa – Net Position

	Governmental Activities		Business-Type		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	$ 14,156,106	$ 13,632,407	$ 5,039,835	$ 4,461,826	$ 19,195,941	$ 18,094,233
Capital assets	11,739,070	10,533,932	46,107,576	46,764,451	57,846,646	57,298,383
Total assets	25,895,176	24,166,339	51,147,411	51,226,277	77,042,587	75,392,616
Deferred outflows of resources	1,385,214	1,985,609	915,805	1,320,232	2,301,019	3,305,841
Liabilities:						
Long-term liabilities outstanding	4,380,264	4,199,765	10,051,102	9,154,393	14,431,366	13,354,158
Other liabilities	4,468,652	3,970,365	2,669,178	3,411,351	7,137,830	7,381,716
Total liabilities	8,848,916	8,170,130	12,720,280	12,565,744	21,569,196	20,735,874
Deferred inflows of resources	273,550	385,076	121,488	177,570	395,038	562,646
Net position:						
Net investment in capital assets	9,475,152	9,170,247	36,966,462	37,492,009	46,441,614	46,662,256
Restricted	8,158,601	7,079,386	-	-	8,158,601	7,079,386
Unrestricted	524,171	1,347,109	2,254,986	2,311,186	2,779,157	3,658,295
Total net position	$ 18,157,924	$ 17,596,742	$ 39,221,448	$ 39,803,195	$ 57,379,372	$ 57,399,937

The largest portion of the City's net position (81%) reflects its net investment in capital assets such as land, buildings, plant, utility system, equipment, and infrastructure (roads, bridges, and other immovable assets), less any related outstanding debt used to acquire those assets. These capital assets are used by the City to provide services to citizens. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position of $8,158,601 is restricted by contracts or agreements with outside parties, by law, or by enabling legislation to be used for specific purposes such as capital projects.

The remaining balance of unrestricted net position $2,779,157 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City was able to report positive balances in each category of net position for governmental activities and for business-type activities. The same situation held true for the prior fiscal year.

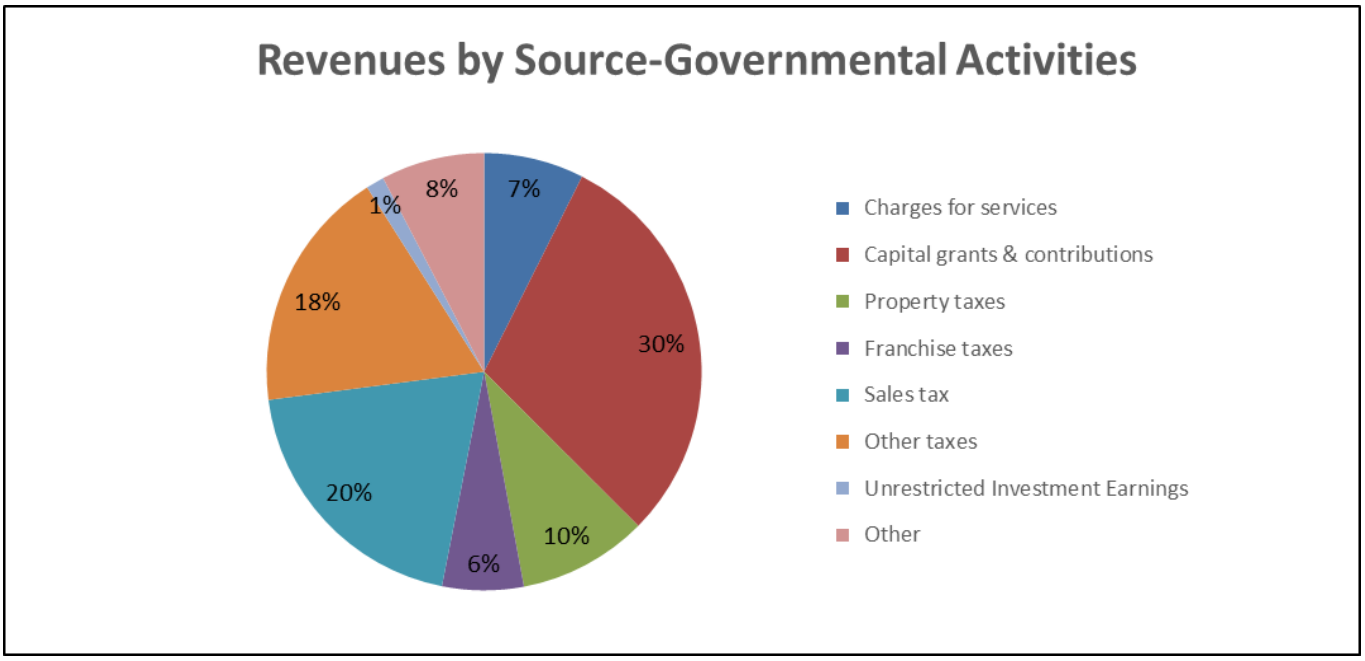
Governmental activities increased the City's net position by $561,182 and business-type activities decreased the City's net position by $581,747. Much of the increase in governmental activities net position came from increased LOST and SPLOST collections and transfers in from business-type activities. The decrease in business-type activities net position came predominately from transfers out of the Water and Sewer fund.

The table on the following page presents condensed financial information, derived from the government-wide statement of activities and summarizes changes in net position for the year ended June 30, 2024 and 2023.

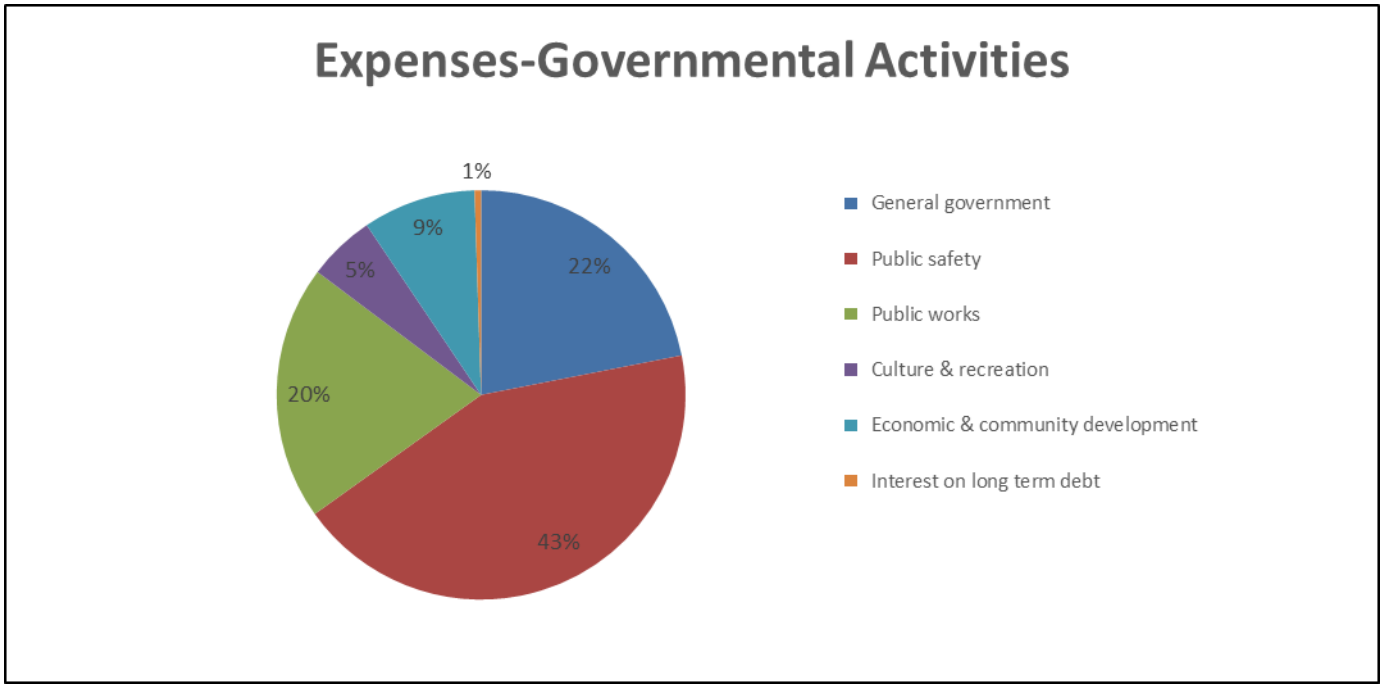
City of Toccoa – Changes in Net Position

	Governmental Activities		Business-Type		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	$ 743,838	$ 614,944	$ 22,083,362	$ 25,907,071	$ 22,827,200	$ 26,522,015
Capital grants and contributions	2,999,443	2,075,163	114,013	251,470	3,113,456	2,326,633
General revenues:						
Property taxes	960,529	1,048,733	-	-	960,529	1,048,733
Franchise taxes	604,373	572,656	-	-	604,373	572,656
Sales tax	1,982,028	1,891,083	-	-	1,982,028	1,891,083
Other taxes	1,801,075	1,693,921	-	-	1,801,075	1,693,921
Unrestricted Investment Earnings	135,213	39,844	-	-	135,213	39,844
Other	768,073	748,118	-	-	768,073	748,118
Total revenues	9,994,572	8,684,462	22,197,375	26,158,541	32,191,947	34,843,003
Expenses						
General government	2,868,323	2,629,216	-	-	2,868,323	2,629,216
Public safety	5,657,919	5,869,314	-	-	5,657,919	5,869,314
Public works	2,634,959	2,557,979	-	-	2,634,959	2,557,979
Culture & recreation	694,685	415,742	-	-	694,685	415,742
Economic & community development	1,170,358	1,314,167	-	-	1,170,358	1,314,167
Interest on long term debt	66,792	51,536	-	-	66,792	51,536
Water and sewer	-	-	7,828,597	7,109,059	7,828,597	7,109,059
Solid waste	-	-	1,212,411	1,196,872	1,212,411	1,196,872
Natural gas	-	-	9,497,233	13,460,856	9,497,233	13,460,856
Golf course	-	-	581,235	590,075	581,235	590,075
Total expenses	13,093,036	12,837,954	19,119,476	22,356,862	32,212,512	35,194,816
Transfers	3,659,646	4,317,706	(3,659,646)	(4,317,706)	-	-
Change in net position	561,182	164,214	(581,747)	(516,027)	(20,565)	(351,813)
Net position-July 1	17,596,742	17,432,528	39,803,195	40,319,222	57,399,937	57,751,750
Net position-June 30	$ 18,157,924	$ 17,596,742	$ 39,221,448	$ 39,803,195	$ 57,379,372	$ 57,399,937

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



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



Governmental activities revenues totaled $9,994,572 for fiscal year 2024. Capital grants and contributions, the proceeds from Stephens County for the City's portion of the Special Purpose Local Option Sales Tax (SPLOST), make up the largest portion of these revenues accounting for 30% of total revenues. Sales taxes, which include the City's Local Option Sales Tax (LOST), are also a large revenue source accounting for 20% of total revenues. Other taxes, which include insurance premium taxes, business taxes, and motor vehicle taxes, make up 18% of total revenues. Property taxes accounted for 10% of total revenues.

Governmental activities expenses totaled $13,093,036 for fiscal year 2024. Of the expenses, 43% is related to public safety and 20% is related to public works. In addition, general government accounted for 22% of total governmental expenses for the year.

Business-type activities: Business-type activities decreased the City's net position by $581,747, due predominately to transfers out of the Water and Sewer fund.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to insure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current year, the City's governmental funds reported combined ending fund balance of $9,782,468 an increase of $143,819 or 1% in comparison with the prior year. Approximately 3% of the fund balance or $337,389 is classified as nonspendable and includes amounts for inventory and long term advances. Restricted fund balance of $8,581,132 or 88% is for spending on capital projects, tourism, and the GMA lease pool. The remaining balance of $863,947 is considered unassigned.

The General Fund is the chief operating fund of the City. For the current fiscal year, the fund balance of the City's General Fund decreased by $509,854 as a result of expenditures and transfers out exceeding revenues and transfers in.

The American Rescue Plan Act Fund is holding cash and an offsetting liability of $3,164,629 until the City identifies eligible expenditures to charge to the program.

The SPLOST VI Fund has fund balance of $1,053,969 remaining to spend on eligible projects.

The SPLOST VII Fund collected SPLOST revenues of $1,776,760 and has fund balance of $5,852,661.

Proprietary Funds: The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about the funds.

At the fiscal year end, the Water and Sewer Fund has unrestricted net position of $889,068. Overall, net position of this fund decreased by $983,473 due to expenses and transfers exceeding revenues. Operating income was $802,115 a decrease of $159,200 from the prior year.

The Solid Waste Fund has unrestricted net position of $269,626 and total net position increased by $29,319 from the prior year. Operating income was $84,771 an increase of $10,368 from the prior year.

The Natural Gas Fund has an unrestricted net position of $1,081,814. Total net position increased by $413,274 from the prior year primarily due to revenues exceeding expenses and transfers. Operating income was $2,402,126, a decrease of $384,877 from the prior year.

The Golf Course Fund has unrestricted net position of $14,478. Total net position decreased by $40,867 from the prior year primarily due to repair costs. Operating loss was $(46,967) an increase of $46,983 from the prior year.

General Fund Budgetary Highlights

During the year several budget amendments were adopted by the City Commission, increasing budgeted revenues and decreasing transfers in, transfers out and expenditures, but having no significant impact on the budgeted bottom line. The adjustments are included in the final budget column totals in the budgetary statement.

During the year, General Fund revenues were more than budgetary projections by $83,493 while expenditures were $10,100 less than budgetary projections.

Capital Assets and Debt Administration

Capital assets: The City's investment in capital assets for its governmental activities as of June 30, 2024, amounted to $11,739,070 net of accumulated depreciation. The investment in capital assets includes land, plant and buildings, machinery, equipment and fixtures, and streets and drainage. The balance represents a $1,205,138 increase from the prior year, caused by acquisitions exceeding depreciation expense for the year. The business-type activities had net capital assets of $46,107,576 at June 30, 2024, representing an decrease of $656,875 caused by depreciation expense exceeding acquisitions for the year.

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

City of Toccoa – Capital Assets (net of accumulated depreciation)
Fiscal Year 2024 and 2023

	Governmental Activities		Business-Type		Total	
	2024	2023	2024	2023	2024	2023
Land and improvements	$ 761,081	$ 761,081	$ 504,735	$ 504,735	$ 1,265,816	$ 1,265,816
Buildings	8,134,915	8,134,915	14,625,629	4,613,425	22,760,544	12,748,340
Urban Renewal parks	1,971,408	1,176,115	-	-	1,971,408	1,176,115
Machinery and equipment	7,221,173	6,905,009	9,815,809	9,256,521	17,036,982	16,161,530
Infrastructure	45,385,265	45,058,074	-	-	45,385,265	45,058,074
Right to use lease assets	520,922	-	-	-	520,922	-
Utility systems	-	-	98,177,078	98,092,283	98,177,078	98,092,283
Construction in progress	281,863	113,512	1,186,349	9,647,612	1,468,212	9,761,124
Total	64,276,627	62,148,706	124,309,600	122,114,576	188,586,227	184,263,282
Accumulated depreciation	52,537,557	51,614,774	78,202,024	75,350,125	130,739,581	126,964,899
Net Capital Assets	$ 11,739,070	$ 10,533,932	$ 46,107,576	$ 46,764,451	$ 57,846,646	$ 57,298,383

Additional information on the City's capital assets can be found in Note 6 of these financial statements.

Long-term debt: The City has three (3) notes payable with the Georgia Environmental Finance Authority that are currently in a construction/draw phase. As of June 30, 2024, the amount drawn and payable is $8,919,900. The City's net pension liability decreased by $130,627 for governmental activities and $87,062 for business-type activities. The City Police department has a lease liability for various equipment with a current payable of $409,449.

The City's governmental activities had certificates of participation of $2,277,000 at June 30, 2024 and 2023, which relate to the GMA Lease Pool program in which the City participates. The certificates are due in a balloon payment in 2028.

Additional information on the City's long-term debt can be found in Note 8 of this report. Additional information on the net pension liability can be found in Note 9 of this report.

Economic Factors and Next Year's Budget and Rates

The fiscal year 2025 budget reflects the goals of the Toccoa City Commission. The City will continue to meet all of its financial and debt obligations. The budget includes continued efforts for infrastructure and facility improvements as well as replacement of aging equipment. The City plans to continue the same level of services for our citizens and customers in fiscal year 2025. The property tax millage was increased by 0.80 mills and were incorporated in the fiscal year 2025 budget. Water, Sewer, Natural Gas and Solid Waste utility rate increases were incorporated in the fiscal year 2025 budget to assist with payment of debts, infrastructure improvements, maintenance needs, and utility relocations necessary.

Request for information

This financial report is designed to provide a general overview of the City of Toccoa's finances for our citizens, taxpayers, customers, investors, creditors, and other interested parties. Questions concerning any of the information should be addressed to the City's Finance Department, 92 N. Alexander Street, Toccoa, Georgia 30577 or by phone at (706) 886-8451.

BASIC FINANCIAL STATEMENTS

CITY OF TOCCOA, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 11,465,722	$ 2,126,750	$ 13,592,472
Taxes receivable, net	262,796	-	262,796
Accounts receivable, net	81,065	2,284,696	2,365,761
Due from other governments	979,873	-	979,873
Internal balances	214,759	(214,759)	-
Inventory	122,630	843,148	965,778
Investments	914,673	-	914,673
Other assets	114,588	-	114,588
Capital assets, nondepreciable	1,042,944	1,691,084	2,734,028
Capital assets, depreciable, net of accumulated depreciation and amortization	10,696,126	44,416,492	55,112,618
Total assets	25,895,176	51,147,411	77,042,587
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	1,385,214	915,805	2,301,019
Total deferred outflows of resources	1,385,214	915,805	2,301,019
LIABILITIES			
Accounts payable	939,537	1,271,765	2,211,302
Retainage payable	-	25,454	25,454
Accrued liabilities	138,471	84,462	222,933
Unearned revenue	3,112,965	-	3,112,965
Customer deposits payable	-	1,207,352	1,207,352
Compensated absences, due within one year	180,537	80,145	260,682
Compensated absences, due in more than one year	45,134	53,429	98,563
Notes payable, due in more than one year	-	8,919,900	8,919,900
Lease liability, due within one year	97,142	-	97,142
Lease liability, due in more than one year	312,307	-	312,307
Certificates of participation, due in more than one year	2,277,000	-	2,277,000
Net pension liability, due in more than one year	1,745,823	1,077,773	2,823,596
Total liabilities	8,848,916	12,720,280	21,569,196
DEFERRED INFLOWS OF RESOURCES			
Cumulative change in fair value of effective hedge	114,588	-	114,588
Pension related items	158,962	121,488	280,450
Total deferred inflows of resources	273,550	121,488	395,038
NET POSITION			
Net investment in capital assets	9,475,152	36,966,462	46,441,614
Restricted for:			
Capital construction	7,949,451	-	7,949,451
Tourism	156,801	-	156,801
Grant program	52,349	-	52,349
Unrestricted	524,171	2,254,986	2,779,157
Total net position	$ 18,157,924	$ 39,221,448	$ 57,379,372

The accompanying notes are an integral part of these financial statements.

CITY OF TOCCOA, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 2,868,323	$ 188,327	$ -	$ 718,863	$ (1,961,133)	$ -	$ (1,961,133)
Public safety	5,657,919	415,616	-	375,055	(4,867,248)	-	(4,867,248)
Public works	2,634,959	54,320	-	1,897,340	(683,299)	-	(683,299)
Culture and recreation	694,685	85,575	-	8,185	(600,925)	-	(600,925)
Economic and community development	1,170,358	-	-	-	(1,170,358)	-	(1,170,358)
Interest on long-term debt	66,792	-	-	-	(66,792)	-	(66,792)
Total governmental activities	13,093,036	743,838	-	2,999,443	(9,349,755)	-	(9,349,755)
Business-type activities:							
Water and sewer	7,828,597	8,456,760	-	114,013	-	742,176	742,176
Solid waste	1,212,411	1,297,182	-	-	-	84,771	84,771
Natural gas	9,497,233	11,795,152	-	-	-	2,297,919	2,297,919
Golf course	581,235	534,268	-	-	-	(46,967)	(46,967)
Total business-type activities	19,119,476	22,083,362	-	114,013	-	3,077,899	3,077,899
Total primary government	$ 32,212,512	$ 22,827,200	$ -	$ 3,113,456	(9,349,755)	3,077,899	(6,271,856)
General revenues:							
Property taxes					960,529	-	960,529
Sales taxes					1,982,028	-	1,982,028
Franchise taxes					604,373	-	604,373
Insurance premium tax					807,543	-	807,543
Hotel/Motel occupancy tax					111,590	-	111,590
Business taxes					327,260	-	327,260
Other taxes					554,682	-	554,682
Unrestricted investment earnings					135,213	-	135,213
Other revenue					768,073	-	768,073
Transfers					3,659,646	(3,659,646)	-
Total general revenues and transfers					9,910,937	(3,659,646)	6,251,291
Change in net position					561,182	(581,747)	(20,565)
Net position, beginning of year					17,596,742	39,803,195	57,399,937
Net position, end of year					$ 18,157,924	$ 39,221,448	$ 57,379,372

The accompanying notes are an integral part of these financial statements.

CITY OF TOCCOA, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Governmental Funds						
ASSETS	General	American Rescue Plan Act Fund	SPLOST V Fund	SPLOST VI Fund	SPLOST VII Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 1,184,703	$ 3,164,629	$ -	$ 1,099,191	$ 5,537,230	$ 479,969	$ 11,465,722
Taxes receivable, net	251,577	-	-	-	-	11,219	262,796
Accounts receivable	80,380	685	-	-	-	-	81,065
Intergovernmental receivable	-	-	-	-	340,556	639,317	979,873
Investments	914,673	-	-	-	-	-	914,673
Due from other funds	1,230	-	-	-	-	-	1,230
Advances to other funds	214,759	-	-	-	-	-	214,759
Inventory	122,630	-	-	-	-	-	122,630
Total assets	$ 2,769,952	$ 3,165,314	$ -	$ 1,099,191	$ 5,877,786	$ 1,130,505	$ 14,042,748
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 447,395	$ -	$ -	$ 45,222	$ 25,125	$ 421,795	$ 939,537
Due to other funds	-	-	-	-	-	1,230	1,230
Unearned revenue	-	3,112,965	-	-	-	-	3,112,965
Accrued salaries	129,458	-	-	-	-	-	129,458
Total liabilities	576,853	3,112,965	-	45,222	25,125	423,025	4,183,190
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	77,090	-	-	-	-	-	77,090
Total deferred inflows of resources	77,090	-	-	-	-	-	77,090
FUND BALANCES							
Nonspendable:							
Inventory	122,630	-	-	-	-	-	122,630
Advances to other funds	214,759	-	-	-	-	-	214,759
Restricted:							
Capital construction	-	-	-	1,053,969	5,852,661	550,679	7,457,309
GMA Lease Pool participation	914,673	-	-	-	-	-	914,673
Tourism	-	-	-	-	-	156,801	156,801
Grant program	-	52,349	-	-	-	-	52,349
Unassigned	863,947	-	-	-	-	-	863,947
Total fund balances	2,116,009	52,349	-	1,053,969	5,852,661	707,480	9,782,468
Total liabilities, deferred inflows of resources, and fund balances	$ 2,769,952	$ 3,165,314	$ -	$ 1,099,191	$ 5,877,786	$ 1,130,505	

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 governmental funds.	11,739,070
Some receivables are not available to pay for current-period expenditures, and therefore, are deferred inflows of resources in the governmental funds.	77,090
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources, and therefore, are not reported in the governmental funds	(519,571)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(2,921,133)
Net position of governmental activities	$ 18,157,924

The accompanying notes are an integral part of these financial statements.

CITY OF TOCCOA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Major Governmental Funds						
	General	American Rescue Plan Act Fund	SPLOST V Fund	SPLOST VI Fund	SPLOST VII Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes:							
Property taxes	$ 959,131	$ -	$ -	$ -	$ -	$ -	$ 959,131
Sales taxes	1,982,028	-	-	-	-	-	1,982,028
Hotel/Motel occupancy taxes	-	-	-	-	-	111,590	111,590
Franchise taxes	604,373	-	-	-	-	-	604,373
Insurance premium tax	807,543	-	-	-	-	-	807,543
Business taxes	327,260	-	-	-	-	-	327,260
Other taxes	554,682	-	-	-	-	-	554,682
Licenses and permits	116,590	-	-	-	-	-	116,590
Intergovernmental	75,011	-	-	-	1,776,760	1,051,024	2,902,795
Fines and forfeitures	395,556	-	-	-	-	-	395,556
Charges for services	149,451	-	-	-	-	-	149,451
Investment earnings	88,330	46,883	48	1,471	95,129	-	231,861
Other revenues	850,314	-	-	-	-	-	850,314
Total revenues	6,910,269	46,883	48	1,471	1,871,889	1,162,614	9,993,174
Expenditures							
Current:							
General government	2,749,861	-	2,232	-	-	41,712	2,793,805
Judicial	217,187	-	-	-	-	-	217,187
Police	2,816,223	-	-	-	166,536	25,933	3,008,692
Fire	2,438,597	-	-	-	-	-	2,438,597
Streets and sanitation	762,410	-	-	-	-	140,708	903,118
Cemetery	116,282	-	-	-	-	-	116,282
Public building and grounds	1,032,366	-	-	-	341,591	-	1,373,957
Parks and recreation	273,531	-	-	-	-	694,231	967,762
Planning, building inspection, and development	1,102,172	-	-	-	-	48,679	1,150,851
Capital outlay	607,500	-	-	266,407	7,500	-	881,407
Debt service:							
Principal	111,473	-	-	-	-	-	111,473
Interest	66,792	-	-	-	-	-	66,792
Total expenditures	12,294,394	-	2,232	266,407	515,627	951,263	14,029,923
Excess (deficiency) of revenues over (under) expenditures	(5,384,125)	46,883	(2,184)	(264,936)	1,356,262	211,351	(4,036,749)
Other financing sources (uses):							
Issuance of lease liability	520,922	-	-	-	-	-	520,922
Transfers in	4,359,449	-	-	-	-	-	4,359,449
Transfers out	(6,100)	-	(282,441)	(345,592)	(25,127)	(40,543)	(699,803)
Total other financing sources (uses)	4,874,271	-	(282,441)	(345,592)	(25,127)	(40,543)	4,180,568
Net change in fund balances	(509,854)	46,883	(284,625)	(610,528)	1,331,135	170,808	143,819
Fund balances, beginning of year	2,625,863	5,466	284,625	1,664,497	4,521,526	536,672	9,638,649
Fund balances, end of year	$ 2,116,009	$ 52,349	$ -	$ 1,053,969	$ 5,852,661	$ 707,480	$ 9,782,468

The accompanying notes are an integral part of these financial statements.

CITY OF TOCCOA, 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 JUNE 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$	143,819
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period.		1,205,138
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		(409,449)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		1,398
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		(379,724)
Change in net position - governmental activities	$	561,182

The accompanying notes are an integral part of these financial statements.

CITY OF TOCCOA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2024

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 1,052,000	$ 960,000	$ 959,131	$ (869)
Sales taxes	2,042,360	1,982,360	1,982,028	(332)
Franchise taxes	579,000	605,000	604,373	(627)
Insurance premium taxes	804,000	807,500	807,543	43
Business taxes	280,000	327,000	327,260	260
Other taxes	551,950	552,950	554,682	1,732
Licenses and permits	86,200	116,200	116,590	390
Intergovernmental	63,300	74,300	75,011	711
Fines and forfeitures	392,000	395,500	395,556	56
Charges for services	56,540	149,051	149,451	400
Investment earnings	30,000	88,300	88,330	30
Other revenues	765,615	768,615	850,314	81,699
Total revenues	6,702,965	6,826,776	6,910,269	83,493
Expenditures:				
Current:				
General government	2,703,437	3,357,361	3,357,361	-
Judicial	189,352	217,352	217,187	165
Police	2,742,622	2,822,969	2,816,223	6,746
Fire	2,487,582	2,439,582	2,438,597	985
Streets and sanitation	791,052	770,552	762,410	8,142
Cemetery	96,683	106,683	116,282	(9,599)
Public building and grounds	953,447	1,032,697	1,032,366	331
Parks and recreation	245,191	274,191	273,531	660
Planning, building inspection, and development	1,280,913	1,104,634	1,102,172	2,462
Debt service:				
Principal	126,079	111,473	111,473	-
Interest	19,074	67,000	66,792	208
Total expenditures	11,635,432	12,304,494	12,294,394	10,100
Deficiency of revenues under expenditures	(4,932,467)	(5,477,718)	(5,384,125)	93,593
Other financing sources (uses):				
Issuance of lease liability	130,000	866,483	520,922	(345,561)
Transfers in	5,220,132	4,606,932	4,359,449	(247,483)
Transfers out	(399,204)	(6,101)	(6,100)	1
Total other financing sources (uses)	4,950,928	5,467,314	4,874,271	(593,043)
Net change in fund balances	18,461	(10,404)	(509,854)	(499,450)
Fund balances, beginning of year	2,625,863	2,625,863	2,625,863	-
Fund balances, end of year	$ 2,644,324	$ 2,615,459	$ 2,116,009	$ (499,450)

The accompanying notes are an integral part of these financial statements.

CITY OF TOCCOA, GEORGIA
AMERICAN RESCUE PLAN ACT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2024

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Investment earnings	$ -	$ 46,883	$ 46,883	$ -
Total revenues	-	46,883	46,883	-
Expenditures:				
Capital outlay	-	46,883	-	46,883
Total expenditures	-	46,883	-	46,883
Excess of revenues over expenditures	-	-	46,883	46,883
Net changes in fund balances	-	-	46,883	46,883
Fund balances, beginning of year	5,466	5,466	5,466	-
Fund balances, end of year	$ 5,466	$ 5,466	$ 52,349	$ 46,883

The accompanying notes are an integral part of these financial statements.

CITY OF TOCCOA, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

ASSETS	Business-type Activities - Enterprise Funds				
	Water and Sewer Fund	Solid Waste Fund	Natural Gas Fund	Golf Course Fund	Totals
CURRENT ASSETS					
Cash and cash equivalents	$ 492,507	$ 157,775	$ 1,474,017	$ 2,451	$ 2,126,750
Accounts receivable, net	1,332,032	149,711	802,953	-	2,284,696
Inventory	336,609	-	461,961	44,578	843,148
Total current assets	2,161,148	307,486	2,738,931	47,029	5,254,594
NONCURRENT ASSETS					
Capital assets:					
Nondepreciable	1,544,976	-	54,800	91,308	1,691,084
Depreciable assets, net of accumulated depreciation	29,359,939	290,074	14,088,814	677,665	44,416,492
Total noncurrent assets	30,904,915	290,074	14,143,614	768,973	46,107,576
Total assets	33,066,063	597,560	16,882,545	816,002	51,362,170
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	467,935	65,542	382,328	-	915,805
Total deferred outflows of resources	467,935	65,542	382,328	-	915,805
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	731,120	4,448	515,483	20,714	1,271,765
Retainage payable	25,454	-	-	-	25,454
Accrued salaries	30,819	4,857	29,793	4,153	69,622
Accrued interest	14,840	-	-	-	14,840
Compensated absences payable, current	42,268	2,423	30,844	4,610	80,145
Customer deposits payable	489,718	-	717,634	-	1,207,352
Total current liabilities	1,334,219	11,728	1,293,754	29,477	2,669,178
NONCURRENT LIABILITIES					
Compensated absences payable	28,179	1,615	20,561	3,074	53,429
Advances from other funds	-	-	214,759	-	214,759
Notes payable	8,919,900	-	-	-	8,919,900
Net pension liability	507,392	82,631	487,750	-	1,077,773
Total noncurrent liabilities	9,455,471	84,246	723,070	3,074	10,265,861
Total liabilities	10,789,690	95,974	2,016,824	32,551	12,935,039
DEFERRED INFLOWS OF RESOURCES					
Pension related items	91,439	7,428	22,621	-	121,488
Total deferred inflows of resources	91,439	7,428	22,621	-	121,488
NET POSITION					
Net investment in capital assets	21,763,801	290,074	14,143,614	768,973	36,966,462
Unrestricted	889,068	269,626	1,081,814	14,478	2,254,986
Total net position	$ 22,652,869	$ 559,700	$ 15,225,428	$ 783,451	$ 39,221,448

The accompanying notes are an integral part of these financial statements.

CITY OF TOCCOA, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Business-type Activities - Enterprise Funds				
OPERATING REVENUES	**Water and Sewer Fund**	**Solid Waste Fund**	**Natural Gas Fund**	**Golf Course Fund**	**Totals**
Charges for services	$ 8,456,760	$ 1,297,182	$ 11,795,152	$ 534,268	$ 22,083,362
Total operating revenues	8,456,760	1,297,182	11,795,152	534,268	22,083,362
OPERATING EXPENSES					
Personnel services and benefits	2,821,483	354,658	2,192,973	278,404	5,647,518
Purchased and contracted services	912,261	718,294	544,871	181,847	2,357,273
Supplies and equipment	2,308,760	77,456	5,403,096	85,987	7,875,299
Depreciation and amortization	1,592,116	55,367	1,169,703	34,997	2,852,183
Miscellaneous	20,025	6,636	82,383	-	109,044
Total operating expenses	7,654,645	1,212,411	9,393,026	581,235	18,841,317
Operating income (loss)	802,115	84,771	2,402,126	(46,967)	3,242,045
NONOPERATING REVENUES (EXPENSES)					
Interest and fiscal agent fees	(173,952)	-	(104,207)	-	(278,159)
Intergovernmental	114,013	-	-	-	114,013
Total nonoperating expenses	(59,939)	-	(104,207)	-	(164,146)
Income (loss) before transfers	742,176	84,771	2,297,919	(46,967)	3,077,899
Transfers in	653,160	-	-	6,100	659,260
Transfers out	(2,378,809)	(55,452)	(1,884,645)	-	(4,318,906)
	(1,725,649)	(55,452)	(1,884,645)	6,100	(3,659,646)
Change in net position	(983,473)	29,319	413,274	(40,867)	(581,747)
NET POSITION, beginning of year	23,636,342	530,381	14,812,154	824,318	39,803,195
NET POSITION, end of year	$ 22,652,869	$ 559,700	$ 15,225,428	$ 783,451	$ 39,221,448

The accompanying notes are an integral part of these financial statements.

CITY OF TOCCOA, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Business-type Activities - Enterprise Funds				
	Water and Sewer Fund	Solid Waste Fund	Natural Gas Fund	Golf Course Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 7,824,004	$ 1,279,544	$ 11,671,734	$ 534,268	$ 21,309,550
Payments to vendors	(2,637,420)	(804,157)	(6,032,931)	(261,347)	(9,735,855)
Payments to or on behalf of employees	(2,700,079)	(335,865)	(2,075,523)	(278,425)	(5,389,892)
Net cash provided by (used in) operating activities	2,486,505	139,522	3,563,280	(5,504)	6,183,803
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	-	6,100	6,100
Transfers to other funds	(2,378,809)	(55,452)	(1,884,645)	-	(4,318,906)
Net cash provided by (used in) non-capital financing activities	(2,378,809)	(55,452)	(1,884,645)	6,100	(4,312,806)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on bonds payable	-	-	(1,335,000)	-	(1,335,000)
Principal forgiveness on note payable	114,013	-	-	-	114,013
Proceeds from note payable	982,174	-	-	-	982,174
Interest paid	(173,100)	-	(109,074)	-	(282,174)
Repayment of interfund advance	(4,946)	(15,000)	-	-	(19,946)
Advance from other fund	-	-	90,602	-	90,602
Transfers from other funds specifically for capital purposes	653,160	-	-	-	653,160
Purchases of capital assets	(1,993,034)	-	(201,990)	-	(2,195,024)
Net cash used in capital and related financing activities	(421,733)	(15,000)	(1,555,462)	-	(1,992,195)
Net increase (decrease) in cash and cash equivalents	(314,037)	69,070	123,173	596	(121,198)
Cash and cash equivalents, beginning of year	806,543	88,705	1,350,844	1,855	2,247,947
Cash and cash equivalents, end of year	$ 492,506	$ 157,775	$ 1,474,017	$ 2,451	$ 2,126,749
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 802,115	$ 84,771	$ 2,402,126	$ (46,967)	$ 3,242,045
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,592,116	55,367	1,169,703	34,997	2,852,183
Change in assets and liabilities:					
Accounts receivables	(632,756)	(17,638)	(123,416)	-	(773,810)
Inventory	22,437	-	(23,916)	5,427	3,948
Deferred outflows for pension items	198,616	26,200	175,345	-	400,161
Accounts payable	554,697	(1,771)	(18,634)	1,060	535,352
Retainage payable	5,454	-	-	-	5,454
Accrued salaries	(5,604)	1,105	1,267	(156)	(3,388)
Compensated absences	(560)	860	3,560	135	3,995
Customer deposits payable	21,038	-	39,969	-	61,007
Net pension liability (asset)	(43,213)	(5,700)	(38,149)	-	(87,062)
Deferred inflows for pension items	(27,835)	(3,672)	(24,575)	-	(56,082)
Net cash provided by (used in) operating activities	$ 2,486,505	$ 139,522	$ 3,563,280	$ (5,504)	$ 6,183,803

The accompanying notes are an integral part of these financial statements.

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Toccoa, Georgia (the "City") was incorporated, under the laws of the state of Georgia, in 1874 and operates under an elected Mayor-Commission form of government. The five commissioners each year elect the mayor from the elected commissioners. The City provides such services as police protection, fire services, parks and recreation amenities, planning and building inspection, municipal court services, public works, water and sewer services, natural gas services, solid waste services, and general and administrative services.

The financial statements of the City have been prepared in conformity with the accounting principles generally accepted in the United States of America 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 accounting policies of the City are described below.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the "primary government") and its component units, an entity for which the government is considered to be financially accountable. Based on these criteria, the Toccoa Downtown Development Authority is a component unit of the City; however, the Authority has no assets, liabilities or financial transactions as of and for the year ended June 30, 2024.

The Toccoa Housing Authority administers Federal funding and/or other financing for improvement of housing conditions in the City. The five citizens who serve as the governing Board of the Authority are appointed by the City Commission; however, the City has no significant influence over the management, budget or policies of the Authority. As a result, the Authority is not a component unit of the City, but is considered a related organization and reports independently.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position includes noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

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

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

The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It is used to account for resources traditionally associated with the City, which are not required legally or by sound financial management to be accounted for in a different fund.

The ***American Rescue Plan Act Fund*** accounts for operations of the American Rescue Plan grant program. Financing is provided by contributions from the federal government as a part of the American Rescue Plan Act. Such contributions are used only to finance expenditures permitted by the American Rescue Plan Act.

The ***SPLOST V Fund*** accounts for the acquisition and construction of capital expenditures which are financed by the special purpose local option sales tax program V of the City, in an agreement with Stephens County.

The ***SPLOST VI Fund*** accounts for the acquisition and construction of capital expenditures which are financed by the special purpose local option sales tax program VI of the City, in an agreement with Stephens County.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The ***SPLOST VII Fund*** accounts for the acquisition and construction of capital expenditures which are financed by the special purpose local option sales tax program VII of the City, in an agreement with Stephens County.

The City aggregates other nonmajor governmental funds in a single column in the fund financial statements.

The City reports the following major enterprise funds:

The ***Water and Sewer Fund*** accounts for the operation of the water and sewerage system including all revenues from sources applicable to the system's operations and all expenses of the operation.

The ***Solid Waste Fund*** accounts for the activities associated with the collection of residential and commercial garbage. Activity is rendered on a user charge basis.

The ***Natural Gas Fund*** accounts for the activities associated with distributing natural gas to customers, both inside and outside the City. Activity is rendered on a user charge basis.

The ***Golf Course Fund*** accounts for the activities associated with the City's golf course operations.

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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Other taxes are recognized predominately 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.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current period. 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 pension liabilities are recorded only when payment is due.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Property taxes, sales taxes, franchise taxes, hotel/motel occupancy taxes, business taxes, intergovernmental revenue, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year if recognition criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets

Annual appropriated budgets are adopted for all funds, except as noted below. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds, except the capital projects funds, which adopt project-length budgets. All appropriations lapse at year end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City.

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States Government or one of its agencies; (4) obligations of any corporation of the United States Government; (5) prime bankers' acceptances; (6) the state of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the state of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with original maturities of three months or less from the date of acquisition.

The City's investments are nonparticipating interest-earning investment contracts and are recorded at cost.

F. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise funds are recognized at the end of each fiscal year based on the amount of service provided prior to year end.

G. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Note 1. Summary of Significant Accounting Policies (Continued)

H. Inventory

Inventories are valued at lower of cost or market using the first-in, first-out method. The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased.

I. Capital Assets

Capital assets and right-to-use lease assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of donations, the government values these capital assets at the estimated acquisition value of the item at the date of its donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Capital assets of the primary government are depreciated and/or amortized using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	20-40
Right-to-use leased equipment	3-5
Machinery and equipment	5-20
Utility plant and system	20-40
Infrastructure and urban parks	15-100

Note 1. Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when the employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-Term Obligations

In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issue.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are expenditures in the year of issue.

L. Leases

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $25,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Note 1. Summary of Significant Accounting Policies (Continued)

L. Leases (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

M. Fund Equity and Net Position

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

M. Fund Equity and Net Position (Continued)

- ***Restricted*** – Fund balances are 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 regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission through the adoption of a resolution including the verbiage “committed for the purpose of”. Only the City Commission may modify or rescind the commitment through a subsequent resolution.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Commission has authorized the City Manager to assign fund balances through a written memorandum, in addition to the City Commission being able to assign fund balance through a motion at a public meeting.

- ***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 funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Note 1. Summary of Significant Accounting Policies (Continued)

M. Fund Equity and Net Position (Continued)

Minimum Fund Balance Policy – The City Commission adopted a policy to maintain a reserve account of not less than $2,000,000. This reserve account shall be in addition to any and all regular operating fund balances maintained in the General, Special Revenue and Enterprise Funds of the City. This account is to be set up as a separate bank account and maintained in the General Fund. This reserve account shall obtain its funding from the transfer of the employee health insurance payroll deductions, the sale of surplus and obsolete equipment, one-time general fund/enterprise revenues, allocations of annual budget transfers, unexpected revenues received and/or unexpected budget savings designated to be deposited into the account. This account is to be used solely for purposes approved by the City Commission. These uses are to be approved in a publicly held meeting and must be voted on by the City Commission.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those capital assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

N. Deferred Outflows of Resources/Deferred 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, which is a of deferred outflow of resources relates to the City's pension plan. These amounts are described more fully on the following page.

Note 1. Summary of Significant Accounting Policies (Continued)

N. Deferred Outflows of Resources/Deferred Inflows of Resources (Continued)

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of deferred inflows of resources, one of which arises only under the modified accrual basis of accounting and the other two which arise only under the accrual basis of accounting. For the governmental funds, under the modified accrual basis of accounting, the City reports unavailable revenues from property taxes and other sources as a deferred inflow of resources, as these amounts will not be recognized as an inflow of resources until the period that the amounts become available. Additionally, the governmental activities, in the government-wide financial statements, report a deferred inflow of resources for the cumulative changes in fair value related to the hedging derivative financial instrument which was determined to be an effective hedge as described in more detail in Note 8. The third type of deferred inflow of resources relates to pension and is described below.

Finally, the City has deferred outflows and inflows of resources 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.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Toccoa Retirement Plan (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, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1. Summary of Significant Accounting Policies (Continued)

P. Management Estimates

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

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds." The details of this $2,921,133 difference are as follows:

Certificates of participation (COPs) payable	$ (2,277,000)
Fair value of interest swap agreement on COPs	114,588
Deferred inflow of resources effective hedge swap agreement	(114,588)
Lease Liability	(409,449)
Accrued interest payable	(9,013)
Compensated absences	(225,671)
Net adjustment to reduce *fund balance- total governmental funds* to arrive at *net position - governmental activities*	$ (2,921,133)

Another element of that reconciliation states that "deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources, and therefore, are not reported in the governmental funds." The details of this $519,571 difference are as follows:

Net pension liability	$ (1,745,823)
Deferred outflows of resources, pension related items	1,385,214
Deferred inflows of resources, pension related items	(158,962)
Net adjustment to reduce *fund balance- total governmental funds* to arrive at *net position - governmental activities*	$ (519,571)

Note 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense." The details of this $1,205,138 difference are detailed below:

Capital outlay	$	2,127,921
Depreciation and amortization expense		(922,783)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	1,205,138

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds." The details of this $379,724 difference are as follows:

Compensated absences	$	5,901
Net pension liability and related deferred inflows and outflows of resources		(385,625)
Net adjustment to reduce *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(379,724)

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position." The details of this $409,449 difference are as follows:

Issuance of lease liability	$	(520,922)
Principal payments		111,473
Net adjustment to reduce *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(409,449)

Note 3. Stewardship, Compliance, and Accountability

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Prior to July 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

b. Public hearings are conducted at City Hall to obtain taxpayer comments.

c. Prior to July 1, the Commission approves the budget.

d. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department must be approved by the City Commission.

B. Excess Expenditures Over Appropriations

Expenditures may not legally exceed budgeted appropriations at the functional level. For the fiscal year ended June 30, 2024, expenditures exceeded final appropriations in the following funds:

General Fund - cemetery	$	9,599

The excess of expenditures over budget noted above were funded by savings in other departments.

Note 4. Deposits and Investments

The table below summarizes the City's cash and cash equivalents and investments by type as of June 30, 2024.

Investment	Maturities	Fair Value
Deposits with Financial Institutions	---	$ 9,417,308
Certificates of Deposit	November 19, 2024, July 26, 2025	4,175,164
Guaranteed Investment Contract	June 1, 2028	914,673
Total		$ 14,507,145
As reported in the Statement of Net Position:		
Cash and cash equivalents		$ 13,592,472
Investments		914,673
Total		$ 14,507,145

Note 4. Deposits and Investments (Continued)

Credit Risk – Georgia law and the City's Investment Policy allow investments in obligations of the state of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the state of Georgia.

Interest Rate Risk – With regard to its investments, the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value Measurements – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2024:

Investment	Level 1	Level 2	Level 3	Fair Value
Fair value hedging derivative:				
Interest rate swap agreement	$ -	$ 114,588	$ -	$ 114,588

The interest rate swap agreement is more fully described in Note 8. The fair value of the interest rate swap agreement classified as Level 2 of the fair value hierarchy is valued using an option-adjusted discounted cash flow model.

The Guaranteed Investment Contract classified as an investment in the amount of $914,673 is a nonparticipating interest-earning investment contract, and accordingly, is recorded at cost.

Custodial Credit Risk - Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations back by the full faith and credit of the U.S. Government, obligations of the state of Georgia or other states, or obligations of counties, municipalities, or public authorities of the state of Georgia, or (2) participation in the state of Georgia Secure Deposit Program. As of June 30, 2024, the financial institutions holding the City's deposits have properly collateralized the City's deposits in accordance with State law.

Note 5. Receivables

The City receives property tax assessments from Stephens County, Georgia. Property taxes are levied on property values assessed as of January 1. Tax bills were levied on all real and personal property and mailed to taxpayers in September. The due date for these taxes was in December, and after that date, both penalty and interest are accrued until the taxes are collected. Property taxes are recorded as receivables and deferred inflows of resources when assessed.

Accordingly, the January 1, 2023 Property Tax Digest was recognized as revenues for fiscal year 2024, if available (i.e. collected within sixty days subsequent to year end).

Receivables as of year end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	SPLOST VII	ARPA	Water and Sewer	Solid Waste	Natural Gas	Nonmajor Governmental
Receivables:							
Taxes	$ 280,750	$ -	$ -	$ -	$ -	$ -	$ 11,219
Accounts	80,380	-	685	1,400,834	163,123	934,942	-
Intergovernmental	-	340,556	-	-	-	-	639,317
Less allowance for uncollectible	(29,173)	-	-	(68,802)	(13,412)	(131,989)	-
Net total receivable	$ 331,957	$ 340,556	$ 685	$ 1,332,032	$ 149,711	$ 802,953	$ 650,536

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	$ 761,081	$ -	$ -	$ 761,081
Construction in progress	113,512	1,290,835	(1,122,484)	281,863
Total assets, not being depreciated	874,593	1,290,835	(1,122,484)	1,042,944
Capital assets, being depreciated:				
Buildings	8,134,915	-	-	8,134,915
Urban renew al parks	1,176,115	-	795,293	1,971,408
Machinery and equipment	6,905,009	316,164	-	7,221,173
Infrastructure	45,058,074	-	327,191	45,385,265
Right-to-use lease assets	-	520,922	-	520,922
Total assets, being depreciated and amortized	61,274,113	837,086	1,122,484	63,233,683
Less accumulated depreciation and amortization for:				
Buildings	(4,604,380)	(204,717)	-	(4,809,097)
Urban renew al parks	(416,517)	(351,406)	-	(767,923)
Machinery and equipment	(5,088,147)	(41,091)	-	(5,129,238)
Infrastructure	(41,505,730)	(230,393)	-	(41,736,123)
Right-to-use lease assets	-	(95,176)	-	(95,176)
Total accumulated depreciation and amortization	(51,614,774)	(922,783)	-	(52,537,557)
Total assets, being depreciated and amortized, net	9,659,339	(85,697)	1,122,484	10,696,126
Governmental activities capital assets, net	$ 10,533,932	$ 1,205,138	$ -	$ 11,739,070
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 504,735	$ -	$ -	$ 504,735
Construction in progress	9,647,612	1,550,941	(10,012,204)	1,186,349
Total assets, not being depreciated	10,152,347	1,550,941	(10,012,204)	1,691,084
Capital assets, being depreciated:				
Buildings	4,613,425	-	10,012,204	14,625,629
Utility systems	98,092,283	84,795	-	98,177,078
Machinery and equipment	9,256,521	559,288	-	9,815,809
Total assets, being depreciated	111,962,229	644,083	10,012,204	122,618,516
Less accumulated depreciation for:				
Buildings	(3,111,121)	(73,535)	-	(3,184,656)
Utility systems	(65,530,700)	(2,387,491)	-	(67,918,191)
Machinery and equipment	(6,708,304)	(390,873)	-	(7,099,177)
Total accumulated depreciation	(75,350,125)	(2,851,899)	-	(78,202,024)
Total assets, being depreciated, net	36,612,104	(2,207,816)	10,012,204	44,416,492
Business-type activities capital assets, net	$ 46,764,451	$ (656,875)	$ -	$ 46,107,576

Note 6. Capital Assets (Continued)

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

Governmental activities:		
General government	$	25,348
Public safety		370,055
Public works		486,289
Culture and recreation		41,091
Total depreciation and amortization expense - governmental activities	$	922,783
Business-type activities:		
Water and sewer	$	1,592,116
Solid waste		55,367
Natural gas		1,169,419
Golf course		34,997
Total depreciation expense - business-type activities	$	2,851,899

Note 7. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2024, is as follows:

Due from/to other funds:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	$ 1,230
Total		$ 1,230

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General fund	Natural gas fund	$ 214,759
Total		$ 214,759

The outstanding balances of advances between funds result from financing of equipment by the enterprise funds through the GMA lease pool for which the related assets and ultimate repayment are accounted for in the General Fund. See further discussion in Note 8.

Note 7. Interfund Receivables, Payables, and Transfers (Continued)

All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made.

Interfund transfers for the year ended June 30, 2024:

Transfers In	Transfers Out	Amount
Water and sewer fund	SPLOST V fund	$ 282,441
Water and sewer fund	SPLOST VI fund	345,592
Water and sewer fund	SPLOST VII fund	25,127
General fund	Nonmajor governmental funds	40,543
General fund	Water and sewer fund	2,378,809
General fund	Solid waste fund	55,452
General fund	Natural gas fund	1,884,645
Golf fund	General fund	6,100
		$ 5,018,709

Transfers are used to 1) make subsidies to the General Fund from the enterprise funds and nonmajor governmental funds and 2) transfer from the SPLOST V, SPLOST VI, and SPLOST VII funds to the Water and Sewer Fund are for the reimbursement of purchases of SPLOST assets in the Water and Sewer Fund. 3) Make subsidies to the Golf Fund from the General Fund.

Note 8. Long-Term Debt

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Certificates of participation	$ 2,277,000	$ -	$ -	$ 2,277,000	$ -
Compensated absences	231,572	236,593	(242,494)	225,671	180,537
Lease liability	-	520,922	(111,473)	409,449	97,142
Net pension liability	1,876,450	1,855,614	(1,986,241)	1,745,823	-
Governmental activity Long-term liabilities	$ 4,385,022	$ 2,613,129	$ (2,340,208)	$ 4,657,943	$ 277,679
Business-type activities:					
Revenue bonds:					
Natural gas bonds	$ 1,335,000	$ -	$ (1,335,000)	$ -	$ -
Add: Premium	3,982	-	(3,982)	-	-
Net Natural Gas	1,338,982	-	(1,338,982)	-	-
GEFA Note Payable	7,937,726	982,174	-	8,919,900	-
Net pension liability	1,164,835	1,236,761	(1,323,823)	1,077,773	-
Compensated absences	129,579	154,372	(150,377)	133,574	80,145
Business-type activity Long-term liabilities	$ 10,571,122	$ 2,373,307	$ (2,813,182)	$ 10,131,247	$ 80,145

For governmental activities, compensated absences, the net pension liability, and the lease liability are predominately liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the fund which funds the related personnel costs.

Governmental Activities

Certificates of Participation

In June 1998, the City entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of $150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the City's participation totaling $2,277,000. The lease pool agreement with the Association provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City draws from the investment to lease equipment from the Association. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation.

Note 8. Long-Term Debt (Continued)

Governmental Activities (Continued)

Certificates of Participation (Continued)

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the Swap Agreement, the City is required to pay (1) a semiannual (and beginning July 1, 2003, a monthly) floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (plus a 31 basis points spread) to, or on behalf of, the Swap Counterparty (the "Swap Payment"); and the Swap Counterparty will pay to, or on behalf of, the City a semiannual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such Contract, less the amount originally deposited in the Reserve Fund relating to the Contract, and (2) a one-time Swap Premium to be paid on the effective date of the Swap Agreement. The semiannual payments from the Swap Counterparty with respect to the City are structured, and expected, to be sufficient to make all interest payments due under the Contract, and related distributions of interest on the Certificates. Monthly interest payments between the City, the holders of the Certificates of Participation, and the Swap Counterparty can be made in net settlement form as part of this agreement. Under the Swap Agreement, the City's obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028, at the same time of the certificates of participation. This derivative qualifies as a fair market hedge.

In the unlikely event that the Swap Counterparty becomes insolvent or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa3 by Moody's. At June 30, 2024, the floating rate being paid by the City is 3.88% and the market value of this agreement is $114,588, a decrease of $27,383 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2024 based on the derivative contract. This fair value is reported as an other asset in the statement of net position. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as a deferred inflow of resources in the statement of net position.

Note 8. Long-Term Debt (Continued)

Governmental Activities (Continued)

Certificates of Participation (Continued)

Annual debt service requirements to maturity for the certificates of participation are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ -	$ 108,158	$ 108,158
2026	-	108,158	108,158
2027	-	108,158	108,158
2028	2,277,000	108,158	2,385,158
Total	$ 2,277,000	$ 432,632	$ 2,709,632

Lease Liabilities

In 2024 the City entered into lease agreements as lessee for public safety equipment. The value of the lease liability was recorded in the amount of $520,922. As of June 30, 2024, the value of the lease liability was $409,449. The City is required to make annual payments of $111,473. The leases have an interest rate of 3.50%. The equipment has an 5-year estimated useful life and the value of the right-to-use asset as of the end of the current fiscal year was $520,922 and had accumulated amortization of $95,176.

Annual debt service requirements to maturity for the leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 97,142	$ 14,331	$ 111,473
2026	100,542	10,931	111,473
2027	104,061	7,412	111,473
2028	107,704	3,770	111,474
Total	$ 409,449	$ 36,444	$ 445,893

Note 8. Long-Term Debt (Continued)

Business-Type Activities

Revenue Bonds Payable – Natural Gas Fund

On March 31, 2011, the City entered into an agreement with the Municipal Gas Authority of Georgia whereby revenue bonds were issued, through the Municipal Gas Authority of Georgia, to refund all of the $20,625,000 outstanding Series 1999 and 2000 bonds. The Series 2011 Bonds were issued in the amount of $20,630,000. Interest rates on the bonds range from 3.00% to 5.00% with annual maturities through fiscal year 2024. The bonds were paid in full as of June 30, 2024.

Notes Payable from Direct Borrowing – Water and Sewer Fund

In December 2020, the City executed a promissory note (CW2019-001) to the Georgia Environmental Finance Authority (GEFA) to borrow up to $7,322,000 from the Clean Water State Revolving Fund to finance the costs related to the Eastanollee Creek Wastewater Treatment Plan Phase I to support water quality. Additionally, the agreement with GEFA includes a principal forgiveness component equal to approximately 13.64% of the face value of the note, or $1,000,000. The loan carries an interest rate of 2.17%. In September 2021, the City executed a modification agreement increasing their promissory note to $9,335,000, keeping the same interest rate and forgiveness amount. As the project is still in the construction phases, an amortization schedule has not been determined for this note and thus the entire payable, ($8,331,753), is reported as due in more than one year. In October 2022, the City executed another promissory note (CW2020-013) to the Georgia Environmental Finance Authority (GEFA) to borrow up to $9,137,000 from the Clean Water State Revolving Fund to finance the costs related to the Eastanollee Creek Wastewater Treatment Plan Phase II to support water quality. Additionally, the agreement with GEFA includes a principal forgiveness component equal to approximately 9.85% of the face value of the note, or $900,000. The loan carries an interest rate of 1.36%. As the project is still in the engineering phases, an amortization schedule has not been determined for this note and thus the entire payable, ($583,769) is reported as due in more than one year. In November 2023, the City executed another promissory note (DW2023-033) to the Georgia Environmental Finance Authority (GEFA) to borrow up to $1,253,500 from the Drinking Water State Revolving Fund to finance the costs related to the Toccoa Water Treatment Plant to support water quality. Additionally, the agreement with GEFA includes a principal forgiveness component equal to approximately 50% of the face value of the note, or $626,750. The loan carries an interest rate of 1.25%. As the project is still in the engineering phases, an amortization schedule has not been determined for this note and thus the entire payable, ($4,378) is reported as due in more than one year.

Note 9. Pension Plan

Plan Description

The City, as authorized by the City Commission, has established a noncontributory defined benefit pension plan (The "City of Toccoa Retirement Plan"), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Commission, in its role as the Plan sponsor, 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. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan Membership. As of January 1, 2024, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	106
Inactive plan members entitled to but not receiving benefits	125
Active plan members	172
	403

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 Council, 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 is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. For the fiscal year ended June 30, 2024, the City's contribution rate was 7.83% of annual payroll. City contributions to the Plan were $517,387 for the fiscal year ended June 30, 2024. Employees of the City of Toccoa do not contribute to the Plan.

Note 9. Pension Plan (Continued)

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2023 with update procedures performed by the actuary to rollforward to the total pension liability measured as of September 30, 2023.

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

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

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

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

Cost of living adjustments were assumed to be 2.25% although the Plan allowance for annual cost of living adjustment is variable, as established by the City Council, in an amount not to exceed 4%.

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 September 30, 2023 are summarized in the table on the following page.

Note 9. Pension Plan (Continued)

Net Pension Liability of the City (Continued)

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	—%	
Total	100%	

* Rates shown are net of the 2.25% assumed rate of inflation

Discount Rate. The discount rate used to measure the total pension liability was 7.375%, which did not change from the prior year. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member 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.

Note 9. Pension Plan (Continued)

Net Pension Liability of the City (Continued)

***Changes in the Net Pension Liability of the City*.** The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2024 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/23	$ 24,611,102	$ 21,569,817	$ 3,041,285
Changes for the year:			
Service cost	298,804	-	298,804
Interest	1,794,570	-	1,794,570
Differences between expected and actual experience	957,827	-	957,827
Contributions—employer	-	408,315	(408,315)
Net investment income	-	2,901,749	(2,901,749)
Benefit payments, including refunds of employee contributions	(1,153,505)	(1,153,505)	-
Administrative expense	-	(41,174)	41,174
Net changes	1,897,696	2,115,385	(217,689)
Balances at 6/30/24	$ 26,508,798	$ 23,685,202	$ 2,823,596

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 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 6,159,290	$ 2,823,596	$ 34,701

Note 9. Pension Plan (Continued)

Net Pension Liability of the City (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. (continued) 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, 2023 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended June 30, 2024, the City recognized pension expense of $1,160,029. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 788,030	$ (280,450)
Net difference between projected and actual earnings on pension plan investments	1,081,833	-
City contributions subsequent to the measurement date	431,156	-
Total	$ 2,301,019	$ (280,450)

City contributions subsequent to the measurement date of $431,156 are reported as deferred outflows of resources and will be recognized as an addition to the net pension asset in the fiscal year ending June 30, 2025. 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:	
2025	$ 313,206
2026	335,675
2027	1,208,526
2028	(267,994)
	$ 1,589,413

Note 10. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (RC) and is required to pay annual dues thereto. During the year ended June 30, 2024, the City paid $11,485 in such dues. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of a RC. RC Board 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 the RC. Separate financial statements may be obtained from the Georgia Mountains Regional Commission, P.O. Box 1720, Gainesville, Georgia 30503.

Note 11. 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 Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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 pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost 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.

Settled claims in the past three (3) years have not exceeded insurance coverage.

Note 12. Contingent Liabilities

Litigation

The City is involved in pending lawsuits in the normal course of the City's business. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Note 12. Contingent Liabilities (Continued)

Grant Contingencies

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

Note 13. Economic Dependency/Commitments

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City, which costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2014, and may be extended through 2026, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to $4,678,429 in 2024.

At June 30, 2024, the outstanding debt of MGAG was approximately $68.3 million. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately $2.3 million at June 30, 2024.

Note 14. Hotel/Motel Occupancy Tax

The City imposes a hotel/motel tax on lodging facilities within the City. The tax is assessed at 5%, and in accordance with O.C.G.A. 48-13-51, the City is required to spend at least 40% of this for promoting tourism, conventions, and trade shows. Revenues were $111,590 for the year ended June 30, 2024. Of this amount 43.62% was used to promote tourism.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TOCCOA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 298,804	$ 293,701	$ 252,127	$ 286,486	$ 285,119	$ 289,544	$ 323,707	$ 300,493	$ 282,248	$ 296,403
Interest on total pension liability	1,794,570	1,764,670	1,675,916	1,589,379	1,572,803	1,512,486	1,505,983	1,409,761	1,306,683	1,265,285
Differences between expected and actual experience	957,827	(560,901)	278,634	364,704	50,350	(68,600)	(108,023)	285,462	420,636	141,414
Changes of assumptions	-	-	-	-	(346,106)	-	(428,087)	-	-	(511,569)
Benefit payments, including refunds of employee contributions	(1,153,505)	(1,040,795)	(1,048,827)	(1,016,804)	(949,876)	(899,701)	(797,647)	(710,652)	(648,400)	(666,319)
Net change in total pension liability	1,897,696	456,675	1,157,850	1,223,765	612,290	833,729	495,933	1,285,064	1,361,167	525,214
Total pension liability - beginning	24,611,102	24,154,427	22,996,577	21,772,812	21,160,522	20,326,793	19,830,860	18,545,796	17,184,629	16,659,415
Total pension liability - ending (a)	$ 26,508,798	$ 24,611,102	$ 24,154,427	$ 22,996,577	$ 21,772,812	$ 21,160,522	$ 20,326,793	$ 19,830,860	$ 18,545,796	$ 17,184,629
Plan fiduciary net position										
Contributions - employer	$ 408,315	$ 500,941	$ 493,152	$ 496,753	$ 492,499	$ 515,136	$ 481,078	$ 423,545	$ 410,064	$ 355,014
Net investment income	2,901,749	(4,259,043)	5,245,900	1,942,753	588,277	1,859,001	2,496,179	1,698,818	184,601	1,604,126
Benefit payments, including refunds of employee contributions	(1,153,505)	(1,040,795)	(1,048,827)	(1,016,804)	(949,876)	(899,701)	(797,647)	(710,652)	(648,400)	(666,319)
Administrative expenses	(41,174)	(40,355)	(40,620)	(39,486)	(37,967)	(40,049)	(41,931)	(24,451)	(27,792)	(22,024)
Net change in plan fiduciary net position	2,115,385	(4,839,252)	4,649,605	1,383,216	92,933	1,434,387	2,137,679	1,387,260	(81,527)	1,270,797
Plan fiduciary net position - beginning	21,569,817	26,409,069	21,759,464	20,376,248	20,283,315	18,848,928	16,711,249	15,323,989	15,405,516	14,134,719
Plan fiduciary net position - ending (b)	$ 23,685,202	$ 21,569,817	$ 26,409,069	$ 21,759,464	$ 20,376,248	$ 20,283,315	$ 18,848,928	$ 16,711,249	$ 15,323,989	$ 15,405,516
City's net pension liability (asset) - ending (a) - (b)	$ 2,823,596	$ 3,041,285	$ (2,254,642)	$ 1,237,113	$ 1,396,564	$ 877,207	$ 1,477,865	$ 3,119,611	$ 3,221,807	$ 1,779,113
Plan fiduciary net position as a percentage of the Plan fiduciary net position	89.3%	87.6%	109.3%	94.6%	93.6%	95.9%	92.7%	84.3%	82.6%	89.6%
Covered payroll	$ 8,001,533	$ 7,459,603	$ 6,550,823	$ 6,493,950	$ 6,415,007	$ 6,123,385	$ 6,147,875	$ 6,044,241	$ 5,623,432	$ 5,479,965
City's net pension liability (asset) as a percentage of covered payroll	35.3%	40.8%	-34.4%	19.1%	21.8%	14.3%	24.0%	51.6%	57.3%	32.5%

CITY OF TOCCOA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS

	2024	2023	2022	2021	2020
Actuarially determined contribution	$ 517,387	$ 429,445	$ 475,772	$ 493,152	$ 497,473
Contributions in relation to the actuarially determined contribution	517,387	429,445	475,772	493,152	497,473
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 6,633,167	$ 6,606,846	$ 5,732,193	$ 6,242,430	$ 5,922,298
Contributions as a percentage of covered payroll	7.8%	6.5%	8.3%	7.9%	8.4%

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 491,504	$ 519,862	$ 473,321	$ 413,590	$ 409,359
Contributions in relation to the actuarially determined contribution	491,504	519,862	473,321	413,590	409,359
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 6,143,800	$ 6,188,833	$ 5,730,278	$ 5,125,031	$ 5,194,911
Contributions as a percentage of covered payroll	8.0%	8.4%	8.3%	8.1%	7.9%

Notes to the Schedule

Valuation Date	January 1, 2023
Cost Method	Projected Unit Credit
Actuarial 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 amounts 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.
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	3.00% - 8.50%, including inflation
Cost-of-living Adjustment	2.25%

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes.

Hotel/Motel Fund – This fund is used to account for the occupancy tax collected by the City from area hotels and motels, and distributed based upon state statute including a requirement for a portion to be spent on tourism.

Grant Fund – This fund is used to account for the funds received from external sources as they relate to and restricted by grants awarded to the City, not reported in other funds. Matching funds, which are the City's responsibility, are also recorded within this fund.

CITY OF TOCCOA, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

ASSETS	Special Revenue Funds: Hotel/Motel Fund	Special Revenue Funds: Grant Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 146,812	$ 333,157	$ 479,969
Taxes receivable	11,219	-	11,219
Intergovernmental receivable	-	639,317	639,317
Total assets	$ 158,031	$ 972,474	$ 1,130,505
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ 421,795	$ 421,795
Due to other funds	1,230	-	1,230
Total liabilities	1,230	421,795	423,025
FUND BALANCES			
Restricted:			
Capital construction	-	550,679	550,679
Tourism	156,801	-	156,801
Total fund balances	156,801	550,679	707,480
Total liabilities and fund balances	$ 158,031	$ 972,474	$ 1,130,505

CITY OF TOCCOA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Hotel/Motel Fund	Grant Fund	
Revenues:			
Hotel/Motel taxes	$ 111,590	$ -	$ 111,590
Intergovernmental	-	1,051,024	1,051,024
Total revenues	111,590	1,051,024	1,162,614
Expenditures:			
Current:			
General government	-	41,712	41,712
Police	-	25,933	25,933
Streets and sanitation	-	140,708	140,708
Parks and recreation	-	694,231	694,231
Economic and community development	48,679	-	48,679
Total expenditures	48,679	902,584	951,263
Excess of revenues over expenditures	62,911	148,440	211,351
Other financing uses:			
Transfers out	(40,543)	-	(40,543)
Total other financing uses	(40,543)	-	(40,543)
Net change in fund balances	22,368	148,440	170,808
Fund balances, beginning of year	134,433	402,239	536,672
Fund balances, end of year	$ 156,801	$ 550,679	$ 707,480

CITY OF TOCCOA, GEORGIA
HOTEL/MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Hotel/Motel taxes	$ 107,875	$ 107,875	$ 111,590	$ 3,715
Total revenues	107,875	107,875	111,590	3,715
Expenditures:				
Current:				
Economic and community development	50,750	50,750	48,679	2,071
Total expenditures	50,750	50,750	48,679	2,071
Excess of revenues over expenditures	57,125	57,125	62,911	5,786
Other financing uses:				
Transfers out	(57,125)	(57,125)	(40,543)	16,582
Total other financing uses	(57,125)	(57,125)	(40,543)	16,582
Net changes in fund balances	-	-	22,368	22,368
Fund balances, beginning of year	134,433	134,433	134,433	-
Fund balances, end of year	$ 134,433	$ 134,433	$ 156,801	$ 22,368

CITY OF TOCCOA, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 1,549,046	$ 689,967	$ 1,051,024	$ 361,057
Total revenues	1,549,046	689,967	1,051,024	361,057
Expenditures:				
Current:				
General government	1,300,899	41,712	41,712	-
Police	2,725	25,933	25,933	-
Streets and sanitation	488,986	140,708	140,708	-
Parks and recreation	676,146	694,231	694,231	-
Total expenditures	2,468,756	902,584	902,584	-
Excess (deficiency) of revenues over (under) expenditures	(919,710)	(212,617)	148,440	361,057
Other financing sources:				
Transfers in	919,710	212,617	-	(212,617)
Total other financing sources	919,710	212,617	-	(212,617)
Net changes in fund balances	-	-	148,440	148,440
Fund balances, beginning of year	402,239	402,239	402,239	-
Fund balances, end of year	$ 402,239	$ 402,239	$ 550,679	$ 148,440

CITY OF TOCCOA, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED JUNE 30, 2024

	Original Estimated Cost	Current Estimated Cost	Prior Years Cumulative Expenditures	Current Year Expenditures	Total Cumulative Expenditures
SPLOST VII					
Waste Water Plant Improvements	$ 4,000,000	$ 4,000,000	$ -	$ 32,627	$ 32,627
Roads, Bridges, and Culverts	2,000,000	2,000,000	3,500	341,591	345,091
Public Safety Vehicles	1,315,180	1,315,180	115,305	166,536	281,841
Total SPLOST VII	$ 7,315,180	$ 7,315,180	$ 118,805	$ 540,754	$ 659,559
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance					
			Total Expenditures	$ 515,627	
			Transfers Out	25,127 (1)	
				$ 540,754	
SPLOST VI					
Water and Sewer Projects	$ 2,000,000	$ 1,889,039	$ 356,082	$ 497,090	$ 853,172
Road Resurfacing	2,000,000	2,149,039	2,110,948	38,091	2,149,039
Schaefer Center Renovations	382,327	382,327	12,750	76,818	89,568
City Vehicle Replacement	500,000	500,000	500,000	-	500,000
Improvements to City Hall	300,000	300,000	300,110	-	300,110
Financial Software	200,000	200,000	199,889	-	199,889
City Pool	903,100	903,113	903,113	-	903,113
Total SPLOST VI	$ 6,285,427	$ 6,323,518	$ 4,382,892	$ 611,999	$ 4,994,891
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance					
			Total Expenditures	$ 266,407	
			Transfers Out	345,592 (1)	
				$ 611,999	
SPLOST V					
Highway 17 Sewer	$ 1,000,000	$ 999,999	$ 999,999	$ -	$ 999,999
Meadow Lift Station	250,000	-	-	-	-
Eastanollee WWTP	500,000	326,061	326,061	-	326,061
Fire Equipment	750,000	749,808	749,808	-	749,808
Roads	2,260,000	1,299,999	1,299,999	-	1,299,999
Historical Society Building	270,000	270,000	270,000	-	270,000
Recreation	400,000	243,515	243,515	-	243,515
Water System Improvements	2,330,000	1,941,364	1,934,095	7,269	1,941,364
Inflow and Infiltration	1,300,000	1,066,831	789,427	277,404	1,066,831
Total SPLOST V	$ 9,060,000	$ 6,897,577	$ 6,612,904	$ 284,673	$ 6,897,577
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance					
			Total Expenditures	$ 2,232	
			Transfers Out	282,441 (1)	
				$ 284,673	
Total SPLOST	$ 22,660,607	$ 20,536,275	$ 11,114,601	$ 1,437,426	$ 12,552,027

(1) Transfers out were recorded in order to properly transfer assets to the Water and Sewer Fund for purchases made on applicable SPLOST projects. Amounts are allowable under the SPLOST referendum.

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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

Honorable Mayor and Members of the
City Commission of the City of Toccoa, Georgia
Toccoa, 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, business-type activities, each major fund and the aggregate remaining fund information of the City of Toccoa, Georgia (the "City"), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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. 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. 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The City's Response to the Finding

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 11, 2024

MAULDIN & JENKINS
CPAs & ADVISORS

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

Honorable Mayor and Members of the
City Commission of the City of Toccoa, Georgia
Toccoa, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Toccoa, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 11, 2024

CITY OF TOCCOA, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Contract or Project Number	Total Expenditures
U.S. Environmental Protection Agency			
Passed through Georgia Environmental Finance Authority			
Clean Water State Revolving Fund (CWSRF)	66.458	CW-2019-001	$ 525,581
Clean Water State Revolving Fund (CWSRF)	66.458	CW-2020-013	561,850
Total Clean Water State Revolving Fund Program			1,087,431
Drinking Water State Revolving Fund (DWSRF)	66.468	DW-2023-033	8,756
Total U.S. Environmental Protection Agency			1,096,187
U.S. Department of Transportation			
Passed through the Georgia Department of Transportation			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	GA-2024-402 PT-156	10,116
Total Highway Safety Cluster			10,116
Total U.S. Department of Transportation			10,116
Total Expenditures of Federal Awards			$ 1,106,303

The City did not pass any awards to sub-recipients.

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF TOCCOA, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

(1) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related liability is incurred.

In instances where the grant agreement requires the City to match grant awards with City funds, such matching funds are excluded from the accompanying schedule of expenditures of federal awards. Grant programs that did not have 2024 transactions have not been presented herein. The majority of these programs have completed their program activities but may not have been formally closed out. Grant revenues and expenditures incurred prior to 2024 under these grants remain subject to audit by either the grantor agency or its representatives within the limitations of the Uniform Guidance.

Federal grant programs that are administered through State agencies (pass-through awards) have been included in the accompanying schedule of expenditures of federal awards. These programs are operated according to federal regulations promulgated by the originating federal agency providing the funding.

The City does not utilize the 10% de minimis indirect cost rate.

The City's Capitalization Grants for Clean Water State Revolving Fund Loan have the following outstanding loan balances. The draws made during the year are included in the schedule of expenditures of federal awards. The balances of the loans outstanding at June 30, 2024 are:

CW 2019-001 $8,331,753

CW 2020-013 $583,769

The City's Capitalization Grants for Drinking Water State Revolving Fund Loan has the following outstanding loan balance. The draws made during the year are included in the schedule of expenditures of federal awards. The balances of the loan outstanding at June 30, 2024 is:

DW 2023-003 $4,378

CITY OF TOCCOA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	X yes ____ no
Significant deficiencies identified?	____ yes X none reported
Noncompliance material to financial statements noted?	____ yes X no

Federal Awards

Internal control over major federal programs: Material weaknesses identified?	____ yes X no
Significant deficiencies identified?	____ yes X none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes X no

Identification of major federal program:

Federal Assistance Listing Number	Name of Federal Program or Cluster
66.458	Clean Water State Revolving Fund – Capitalization Grants for Clean Water State Revolving Funds

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

CITY OF TOCCOA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

Finding 2024-001 – Segregation of Duties

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

Condition/Context: During the course of our testwork, we noted several areas in which the segregation of duties could be improved. The following are controls or practices which should be in place to ensure adequate segregation of duties, but aren't at the City:

- Mail is opened and a list of daily receipts is prepared by two or more people independent of the cashier and accounts receivable bookkeeping.
- Individuals opening the mail prepare prenumbered cash receipts and attach remittance data to the cash receipts prior to forwarding the documentation to accounting.
- The list of daily cash receipts or lockbox listing from the bank is compared to postings to customer accounts, contribution records, and deposits and to a validated deposit slip by a person independent of the cash receipts and accounts receivable functions.
- Check signing (including control of mechanical check signers and signature plates) is independent of the initiator of purchases, approver of purchases, receiving, shipping, preparer of checks, cash receipts, accounts payable, and cash bookkeeping.
- Checks are not returned to the preparer after signing.
- Persons preparing payroll are independent of other payroll and personnel duties (for example, timekeeping, distribution of checks, and hiring employees) and restricted from access to other payroll data or cash.
- Bank statements are received directly by the appropriate level of management or another appropriate person (such as a governing body member) and reviewed prior to routing to accounting for reconciliation.
- The cash receipting and deposit function is performed by only one employee at the North Carolina location.

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

***Cause*:** The limited number of employees involved in the various offices and the resulting overlapping of duties causes segregation of duties to be difficult.

Recommendation: We recommend that the City review its processes and determine where it can cost-effectively segregate some of the duties in higher risk areas to alleviate the segregation of duties issues.

Response: The City agrees with this recommendation. Due to reduced work force, segregation of duties will continue to be an issue; however, the City will continue to look at possibilities to reduce the City's risks according to the controls and practices suggested by Mauldin & Jenkins.

CITY OF TOCCOA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Reported

CITY OF TOCCOA, GEORGIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION IV
STATUS OF PRIOR FISCAL YEAR FINDINGS

Finding 2023-001 – Segregation of Duties

Condition: During the course of our testwork, we noted several areas in which the segregation of duties could be improved.

Auditee's Response/Status: The finding was repeated as finding 2024-001.

Finance Department
Municipal Building
P.O. Box 579
92 N. Alexander Street
Toccoa, Georgia 30577
(706) 886-8451

City of Toccoa

MANAGEMENT'S CORRECTIVE ACTION
FOR THE YEAR ENDED JUNE 30, 2024

2024-001 Segregation of Duties

Name of the Contact Person Responsible for the Corrective Action Plan: Becky Bohannon, Finance Director.

Corrective Action Plan: The City will continue to review its operations to determine the most efficient and effective solution to properly segregate duties.

Anticipated Completion Date: June 30, 2025