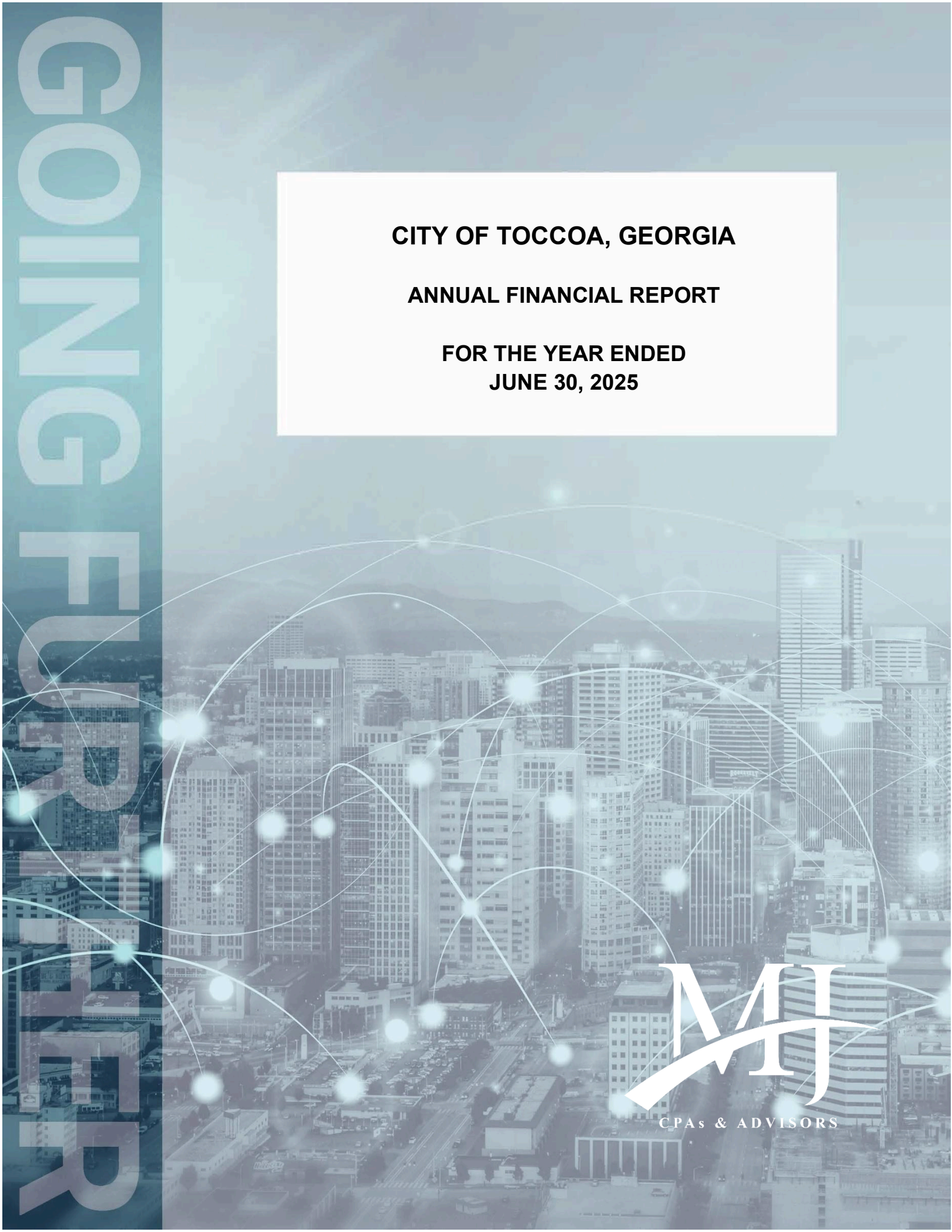
CITY OF TOCCOA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2025



MJ
CPAs & ADVISORS

CITY OF TOCCOA, GEORGIA

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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 accompanying 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, 2025, 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 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, 2025, 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 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 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 2, 2025 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 2, 2025

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, 2025. 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, 2025 by $60,989,644 (net position). Of this amount, $6,997,723 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net position increased by $3,610,272 during the fiscal year ended June 30, 2025; with an increase from business-type activities of $1,814,689 and an increase in governmental activities of $1,795,583.

- As of June 30, 2025, the City's governmental funds reported combined ending fund balances of $10,889,864 an increase of $1,107,396 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 as well as increased property taxes due to a millage rate increase.

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 six (6) 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 $60,989,644 and $57,379,372 at June 30, 2025 and 2024, 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	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$15,025,181	$14,156,106	$ 8,806,576	$ 5,039,835	$23,831,757	$19,195,941
Capital assets	12,163,130	11,739,070	54,870,202	46,107,576	67,033,332	57,846,646
Total assets	27,188,311	25,895,176	63,676,778	51,147,411	90,865,089	77,042,587
Deferred outflows of resources	859,732	1,385,214	559,521	915,805	1,419,253	2,301,019
Liabilities:						
Long-term liabilities outstanding	2,533,245	4,380,264	17,291,703	10,051,102	19,824,948	14,431,366
Other liabilities	4,066,241	4,468,652	4,964,593	2,669,178	9,030,834	7,137,830
Total liabilities	6,599,486	8,848,916	22,256,296	12,720,280	28,855,782	21,569,196
Deferred inflows of resources	1,495,050	273,550	943,866	121,488	2,438,916	395,038
Net position:						
Net investment in capital assets	10,727,710	9,475,152	35,199,055	36,966,462	45,926,765	46,441,614
Restricted	8,065,156	8,158,601	-	-	8,065,156	8,158,601
Unrestricted	1,160,641	524,171	5,837,082	2,254,986	6,997,723	2,779,157
Total net position	$19,953,507	$18,157,924	$41,036,137	$39,221,448	$60,989,644	$57,379,372

The largest portion of the City's net position (75%) 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 $8,056,156 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 $6,997,723 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.

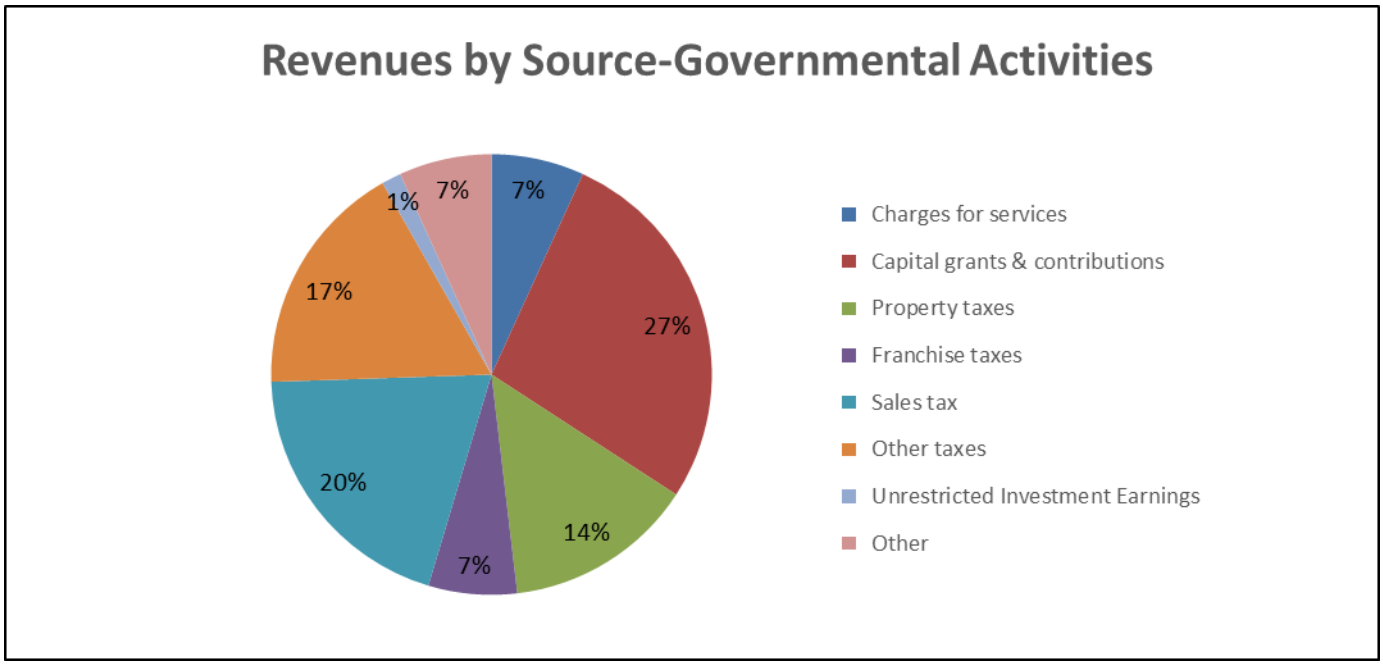
Governmental activities increased the City's net position by $1,795,583 and business-type activities increased the City's net position by $1,814,689. Much of the increase in governmental activities net position came from increased LOST and SPLOST collections and transfers in from business-type activities. The City also saw increased property taxes due to an increase in the millage rate. The increase in business-type activities net position came predominately from increased charges for services and capital grants received from Clean Water State Revolving Fund and Drinking Water State Revolving Fund to finance water infrastructure improvements.

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, 2025 and 2024.

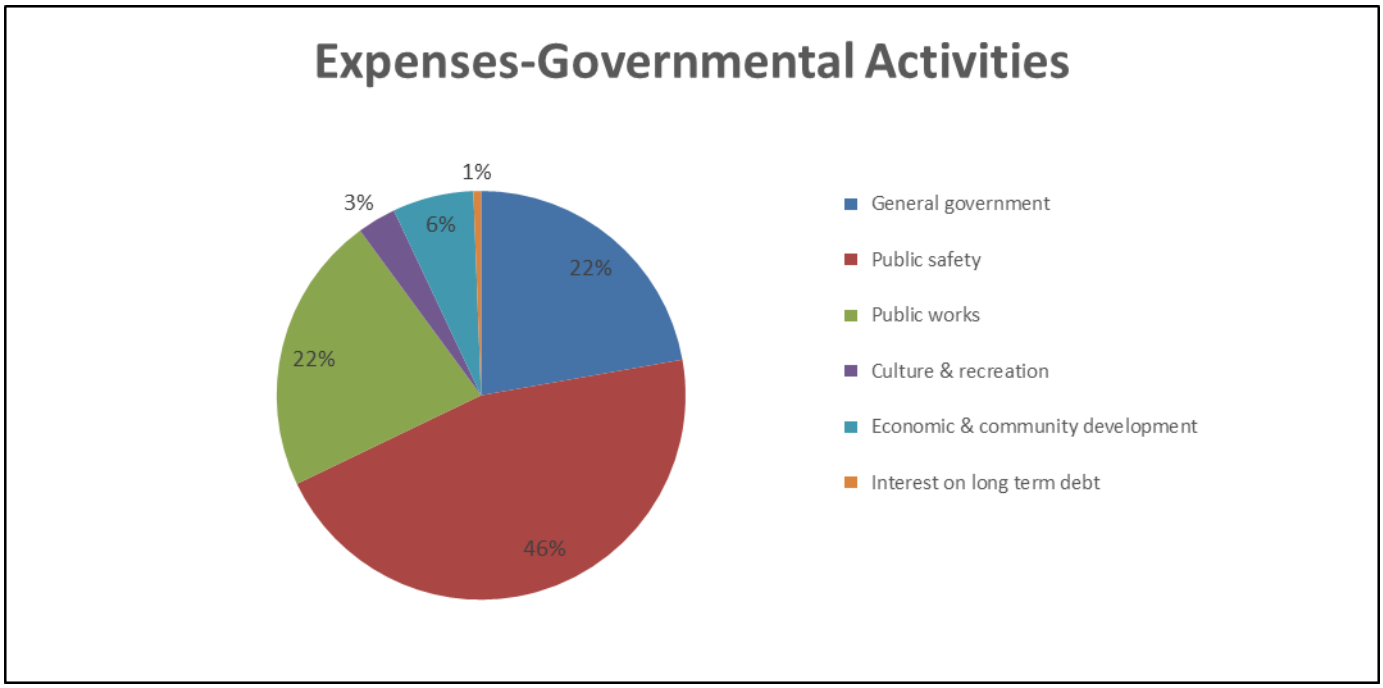
City of Toccoa – Changes in Net Position

	Governmental Activities		Business-Type		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	$ 706,736	$ 743,838	$ 24,817,121	$ 22,083,362	$ 25,523,857	$ 22,827,200
Capital grants and contributions	2,837,981	2,999,443	1,327,039	114,013	4,165,020	3,113,456
General revenues:						
Property taxes	1,446,901	960,529	-	-	1,446,901	960,529
Franchise taxes	674,849	604,373	-	-	674,849	604,373
Sales tax	2,058,107	1,982,028	-	-	2,058,107	1,982,028
Other taxes	1,793,720	1,801,075	-	-	1,793,720	1,801,075
Unrestricted investment earnings	148,382	135,213	123,162	-	271,544	135,213
Other	705,713	768,073	-	-	705,713	768,073
Total revenues	10,372,389	9,994,572	26,267,322	22,197,375	36,639,711	32,191,947
Expenses						
General government	2,828,925	2,868,323	-	-	2,828,925	2,868,323
Public safety	5,817,570	5,657,919	-	-	5,817,570	5,657,919
Public works	2,808,312	2,634,959	-	-	2,808,312	2,634,959
Culture and recreation	391,489	694,685	-	-	391,489	694,685
Economic and community development	817,562	1,170,358	-	-	817,562	1,170,358
Interest on long-term debt	76,273	66,792	-	-	76,273	66,792
Water and sewer	-	-	7,858,853	7,828,597	7,858,853	7,828,597
Solid waste	-	-	1,192,839	1,212,411	1,192,839	1,212,411
Natural gas	-	-	10,679,480	9,497,233	10,679,480	9,497,233
Golf course	-	-	558,136	581,235	558,136	581,235
Total expenses	12,740,131	13,093,036	20,289,308	19,119,476	33,029,439	32,212,512
Transfers	4,163,325	3,659,646	(4,163,325)	(3,659,646)	-	-
Change in net position	1,795,583	561,182	1,814,689	(581,747)	3,610,272	(20,565)
Net position-July 1	18,157,924	17,596,742	39,221,448	39,803,195	57,379,372	57,399,937
Net position-June 30	$ 19,953,507	$ 18,157,924	$ 41,036,137	$ 39,221,448	$ 60,989,644	$ 57,379,372

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 $10,372,389 for fiscal year 2025. 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 27% 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 17% of total revenues. Property taxes accounted for 14% of total revenues.

Governmental activities expenses totaled $12,740,131 for fiscal year 2025. Of the expenses, 46% is related to public safety and 22% 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 increased the City's net position by $1,814,689, due predominately from increased charges for services and from capital grants received from the Clean Water State Revolving Fund and Drinking Water State Revolving Fund to finance water infrastructure improvements.

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 $10,889,864 an increase of $1,107,396 or 11% in comparison with the prior year. Approximately 2% of the fund balance or $235,542 is classified as nonspendable and includes amounts for inventory and long-term advances. Restricted fund balance of $9,219,043 or 85% is for spending on capital projects, tourism, and the GMA lease pool. The remaining balance of $1,435,279 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 increased by $803,320 as a result of revenues and transfers in exceeding expenditures, primarily due to an increase in the millage rate.

The American Rescue Plan Act Fund is holding cash and receivables and an offsetting liability of $3,112,965 until the City charges eligible expenditures to the program.

The SPLOST VI Fund has fund balance of $719,997 remaining to spend on eligible projects.

The SPLOST VII Fund collected SPLOST revenues of $1,852,399 and has fund balance of $6,307,886.

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 $3,417,158. Overall, net position of this fund increased by $1,569,343 due to increased revenues and intergovernmental grant revenues that exceeded expenditures. Operating income was $1,382,369 an increase of $580,254 from the prior year.

The Solid Waste Fund has unrestricted net position of $374,009 and total net position increased by $49,168 from the prior year. Operating income was $239,068 an increase of $154,297 from the prior year.

The Natural Gas Fund has an unrestricted net position of $2,001,994. Total net position increased by $199,354 from the prior year primarily due to revenues exceeding expenses and transfers. Operating income was $3,123,956, an increase of $721,830 from the prior year.

The Golf Course Fund has unrestricted net position of $43,921. Total net position decreased by $3,176 from the prior year due to expenses exceeding revenues. Operating loss was ($3,176) a decrease in losses of $43,791 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 $379,656 while expenditures were $172,793 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, 2025, amounted to $12,163,130 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 $424,060 increase from the prior year, caused by acquisitions exceeding depreciation expense for the year. The business-type activities had net capital assets of $54,870,202 at June 30, 2025, representing an increase of $8,762,626 caused by acquisitions exceeding depreciation expense 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 2025 and 2024

	Governmental Activities		Business-Type		Total	
	2025	2024	2025	2024	2025	2024
Land and improvements	$ 761,081	$ 761,081	$ 504,735	$ 504,735	$ 1,265,816	$ 1,265,816
Buildings	8,129,146	8,134,915	14,625,629	14,625,629	22,754,775	22,760,544
Urban renewal parks	2,038,776	1,971,408	-	-	2,038,776	1,971,408
Machinery and equipment	6,710,059	7,221,173	9,263,302	9,815,809	15,973,361	17,036,982
Infrastructure	46,731,236	45,385,265	-	-	46,731,236	45,385,265
Right-to-use lease assets	520,922	520,922	-	-	520,922	520,922
Utility systems	-	-	98,381,672	98,177,078	98,381,672	98,177,078
Construction in progress	107,468	281,863	12,751,553	1,186,349	12,859,021	1,468,212
Total	64,998,688	64,276,627	135,526,891	124,309,600	200,525,579	188,586,227
Accumulated depreciation	52,835,558	52,537,557	80,656,689	78,202,024	133,492,247	130,739,581
Net Capital Assets	$ 12,163,130	$ 11,739,070	$ 54,870,202	$ 46,107,576	$ 67,033,332	$ 57,846,646

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, 2025, the amount drawn and payable is $17,440,161. The City's net pension asset for governmental activities is $145,789 and $204,763 for business-type activities. The City Police department has a lease liability for various equipment with a current payable of $312,307.

The City's governmental activities had certificates of participation of $2,277,000 at June 30, 2025 and 2024, 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 2026 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 2026. The property tax millage was decreased by 0.80 mills and was incorporated in the fiscal year 2026 budget. No water, sewer, natural gas or solid waste utility rate increases were included in the fiscal year 2026 budget.

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, 2025

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	$ 12,409,641	$ 3,814,131	$ 16,223,772
Taxes receivable, net	288,123	-	288,123
Accounts receivable, net	122,192	3,842,280	3,964,472
Due from other governments	673,439	-	673,439
Internal balances	(83,379)	83,379	-
Inventory	97,707	862,023	959,730
Investments	1,248,508	-	1,248,508
Other assets	123,161	-	123,161
Net pension asset	145,789	204,763	350,552
Capital assets, non-depreciable	868,549	13,256,288	14,124,837
Capital assets, depreciable, net of accumulated depreciation	11,294,581	41,613,914	52,908,495
Total assets	27,188,311	63,676,778	90,865,089
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	859,732	559,521	1,419,253
Total deferred outflows of resources	859,732	559,521	1,419,253
LIABILITIES			
Accounts payable	507,585	3,304,436	3,812,021
Accrued liabilities	167,229	109,123	276,352
Unearned revenue	3,112,965	-	3,112,965
Customer deposits payable	-	1,265,516	1,265,516
Compensated absences, due within one year	177,920	82,236	260,156
Compensated absences, due in more than one year	44,480	54,824	99,304
Notes payable, due within one year	-	203,282	203,282
Notes payable, due in more than one year	-	17,236,879	17,236,879
Certificates of participation, due in more than one year	2,277,000	-	2,277,000
Lease liability, due within one year	100,542	-	100,542
Lease liability, due in more than one year	211,765	-	211,765
Total liabilities	6,599,486	22,256,296	28,855,782
DEFERRED INFLOWS OF RESOURCES			
Cumulative change in fair value of effective hedge	123,161	-	123,161
Pension related items	1,371,889	943,866	2,315,755
Total deferred inflows of resources	1,495,050	943,866	2,438,916
NET POSITION			
Net investment in capital assets	10,727,710	35,199,055	45,926,765
Restricted for:			
Capital construction	7,825,896	-	7,825,896
Tourism	147,881	-	147,881
Grant program	91,379	-	91,379
Unrestricted	1,160,641	5,837,082	6,997,723
Total net position	$ 19,953,507	$ 41,036,137	$ 60,989,644

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

CITY OF TOCCOA, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

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	$ 2,828,925	$ 76,360	$ -	$ 80,885	$ (2,671,680)	$ -	$ (2,671,680)
Public safety	5,817,570	390,326	-	438,771	(4,988,473)	-	(4,988,473)
Public works	2,808,312	30,583	-	2,290,414	(487,315)	-	(487,315)
Culture and recreation	391,489	209,467	-	27,911	(154,111)	-	(154,111)
Economic and community development	817,562	-	-	-	(817,562)	-	(817,562)
Interest on long-term debt	76,273	-	-	-	(76,273)	-	(76,273)
Total governmental activities	12,740,131	706,736	-	2,837,981	(9,195,414)	-	(9,195,414)
Business-type activities:							
Water and sewer	7,858,853	9,026,818	-	1,327,039	-	2,495,004	2,495,004
Solid waste	1,192,839	1,431,907	-	-	-	239,068	239,068
Natural gas	10,679,480	13,803,436	-	-	-	3,123,956	3,123,956
Golf course	558,136	554,960	-	-	-	(3,176)	(3,176)
Total business-type activities	20,289,308	24,817,121	-	1,327,039	-	5,854,852	5,854,852
Total primary government	$ 33,029,439	$ 25,523,857	$ -	$ 4,165,020	(9,195,414)	5,854,852	(3,340,562)
General revenues:							
Property taxes					1,446,901	-	1,446,901
Sales taxes					2,058,107	-	2,058,107
Franchise taxes					674,849	-	674,849
Insurance premium tax					873,554	-	873,554
Hotel/Motel occupancy tax					76,510	-	76,510
Business taxes					290,771	-	290,771
Other taxes					552,885	-	552,885
Unrestricted investment earnings					148,382	123,162	271,544
Other revenue					705,713	-	705,713
Transfers					4,163,325	(4,163,325)	-
Total general revenues and transfers					10,990,997	(4,040,163)	6,950,834
Change in net position					1,795,583	1,814,689	3,610,272
Net position, beginning of year					18,157,924	39,221,448	57,379,372
Net position, end of year					$ 19,953,507	$ 41,036,137	$ 60,989,644

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

CITY OF TOCCOA, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Governmental Funds					
ASSETS	**General**	**American Rescue Plan Act Fund**	**SPLOST VI Fund**	**SPLOST VII Fund**	**Nonmajor Governmental Funds**	**Total Governmental Funds**
Cash and cash equivalents	$ 1,693,818	$ 3,164,629	$ 753,345	$ 6,025,655	$ 772,194	$ 12,409,641
Taxes receivable, net	278,050	-	-	-	10,073	288,123
Accounts receivable	122,192	-	-	-	-	122,192
Intergovernmental receivable	-	260,929	-	325,217	87,293	673,439
Investments	1,248,508	-	-	-	-	1,248,508
Advances to other funds	137,835	-	-	-	-	137,835
Inventory	97,707	-	-	-	-	97,707
Total assets	$ 3,578,110	$ 3,425,558	$ 753,345	$ 6,350,872	$ 869,560	$ 14,977,445
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 412,964	$ -	$ 33,348	$ 42,986	$ 18,287	$ 507,585
Due to other funds	-	221,214	-	-	-	221,214
Unearned revenue	-	3,112,965	-	-	-	3,112,965
Accrued salaries	158,216	-	-	-	-	158,216
Total liabilities	571,180	3,334,179	33,348	42,986	18,287	3,999,980
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	87,601	-	-	-	-	87,601
Total deferred inflows of resources	87,601	-	-	-	-	87,601
FUND BALANCES						
Nonspendable:						
Inventory	97,707	-	-	-	-	97,707
Advances to other funds	137,835	-	-	-	-	137,835
Restricted:						
Capital construction	-	-	719,997	6,307,886	703,392	7,731,275
GMA Lease Pool participation	1,248,508	-	-	-	-	1,248,508
Tourism	-	-	-	-	147,881	147,881
Grant program	-	91,379	-	-	-	91,379
Unassigned	1,435,279	-	-	-	-	1,435,279
Total fund balances	2,919,329	91,379	719,997	6,307,886	851,273	10,889,864
Total liabilities, deferred inflows of resources, and fund balances	$ 3,578,110	$ 3,425,558	$ 753,345	$ 6,350,872	$ 869,560	

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.	12,163,130
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the governmental funds.	87,601
The deferred outflows of resources, deferred inflows of resources, and the net pension asset 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.	(366,368)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(2,820,720)
Net position of governmental activities	$ 19,953,507

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, 2025

	Major Governmental Funds					
	General	American Rescue Plan Act Fund	SPLOST VI Fund	SPLOST VII Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property taxes	$ 1,436,390	$ -	$ -	$ -	$ -	$ 1,436,390
Sales taxes	2,058,107	-	-	-	-	2,058,107
Hotel/Motel occupancy taxes	-	-	-	-	76,510	76,510
Franchise taxes	674,849	-	-	-	-	674,849
Insurance premium tax	873,554	-	-	-	-	873,554
Business taxes	290,771	-	-	-	-	290,771
Other taxes	552,885	-	-	-	-	552,885
Licenses and permits	105,413	-	-	-	-	105,413
Intergovernmental	80,885	299,013	-	1,852,399	520,927	2,753,224
Fines and forfeitures	377,549	-	-	-	-	377,549
Charges for services	87,730	-	-	-	-	87,730
Investment earnings	98,291	50,091	911	83,846	-	233,139
Other revenues	840,815	-	-	-	-	840,815
Total revenues	7,477,239	349,104	911	1,936,245	597,437	10,360,936
Expenditures						
Current:						
General government	2,814,884	-	-	-	58,198	2,873,082
Judicial	211,982	-	-	-	-	211,982
Police	2,975,504	-	-	141,937	23,679	3,141,120
Fire	2,633,608	-	-	-	-	2,633,608
Streets and sanitation	792,158	-	-	-	198,177	990,335
Cemetery	100,975	-	-	-	-	100,975
Public building and grounds	961,427	-	-	916,786	-	1,878,213
Parks and recreation	417,667	-	-	-	3,000	420,667
Planning, building inspection, and development	762,792	-	-	-	58,340	821,132
Capital outlay	-	-	137,477	53,286	-	190,763
Debt service:						
Principal	97,142	-	-	-	-	97,142
Interest	76,273	-	-	-	-	76,273
Total expenditures	11,844,412	-	137,477	1,112,009	341,394	13,435,292
Excess (deficiency) of revenues over (under) expenditures	(4,367,173)	349,104	(136,566)	824,236	256,043	(3,074,356)
Other financing sources (uses):						
Proceeds from sale of capital assets	18,427	-	-	-	-	18,427
Transfers in	5,152,066	12,345	-	-	-	5,164,411
Transfers out	-	(322,419)	(197,406)	(369,011)	(112,250)	(1,001,086)
Total other financing sources (uses)	5,170,493	(310,074)	(197,406)	(369,011)	(112,250)	4,181,752
Net change in fund balances	803,320	39,030	(333,972)	455,225	143,793	1,107,396
Fund balances, beginning of year	2,116,009	52,349	1,053,969	5,852,661	707,480	9,782,468
Fund balances, end of year	$ 2,919,329	$ 91,379	$ 719,997	$ 6,307,886	$ 851,273	$ 10,889,864

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, 2025

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

Net change in fund balances - total governmental funds	$	1,107,396
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		441,545
The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position.		(17,485)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		10,511
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.		253,616
Change in net position - governmental activities	$	1,795,583

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, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 1,265,400	$ 1,265,400	$ 1,436,390	$ 170,990
Sales taxes	2,042,360	2,042,360	2,058,107	15,747
Franchise taxes	645,563	636,733	674,849	38,116
Insurance premium taxes	831,700	831,700	873,554	41,854
Business taxes	288,000	288,000	290,771	2,771
Other taxes	570,850	549,850	552,885	3,035
Licenses and permits	88,200	88,200	105,413	17,213
Intergovernmental	63,300	63,300	80,885	17,585
Fines and forfeitures	394,000	376,000	377,549	1,549
Charges for services	61,425	61,425	87,730	26,305
Investment earnings	81,000	81,000	98,291	17,291
Other revenues	813,615	813,615	840,815	27,200
Total revenues	7,145,413	7,097,583	7,477,239	379,656
Expenditures:				
Current:				
General government	2,702,608	2,814,884	2,814,884	-
Judicial	207,053	212,003	211,982	21
Police	2,930,519	2,975,919	2,975,504	415
Fire	2,475,971	2,633,971	2,633,608	363
Streets and sanitation	874,525	794,325	792,158	2,167
Cemetery	104,325	104,325	100,975	3,350
Public building and grounds	980,163	961,563	961,427	136
Parks and recreation	398,490	419,340	417,667	1,673
Planning, building inspection, and development	970,122	830,791	762,792	67,999
Debt service:				
Principal	143,510	193,811	97,142	96,669
Interest	54,074	76,273	76,273	-
Total expenditures	11,841,360	12,017,205	11,844,412	172,793
Deficiency of revenues under expenditures	(4,695,947)	(4,919,622)	(4,367,173)	552,449
Other financing sources (uses):				
Proceeds from sale of capital assets	-	18,500	18,427	(73)
Transfers in	5,558,029	5,001,422	5,152,066	150,644
Transfers out	(603,907)	(100,300)	-	100,300
Total other financing sources (uses)	4,954,122	4,919,622	5,170,493	250,871
Net change in fund balances	258,175	-	803,320	803,320
Fund balances, beginning of year	2,116,009	2,116,009	2,116,009	-
Fund balances, end of year	$ 2,374,184	$ 2,116,009	$ 2,919,329	$ 803,320

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, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 14,859,465	$ 14,809,364	$ 299,013	$ (14,510,351)
Interest income	-	50,100	50,091	(9)
Total revenues	14,859,465	14,859,464	349,104	(14,510,360)
Expenditures:				
Current:				
Capital outlay	16,458,257	16,135,837	-	16,135,837
Total expenditures	16,458,257	16,135,837	-	16,135,837
Excess (deficiency) of revenues over (under) expenditures	(1,598,792)	(1,276,373)	349,104	1,625,477
Other financing sources (uses):				
Transfers in	1,598,792	1,598,792	12,345	(1,586,447)
Transfers out	-	(322,419)	(322,419)	-
Total other financing sources (uses)	1,598,792	1,276,373	(310,074)	-
Net changes in fund balances	-	-	39,030	1,625,477
Fund balances, beginning of year	52,349	52,349	52,349	-
Fund balances, end of year	$ 52,349	$ 52,349	$ 91,379	$ 1,625,477

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

CITY OF TOCCOA, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

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	$ 1,225,704	$ 321,426	$ 2,239,692	$ 27,309	$ 3,814,131
Accounts receivable, net	2,760,667	141,088	939,934	591	3,842,280
Due from other funds	221,214	-	-	-	221,214
Inventory	342,765	-	470,753	48,505	862,023
Total current assets	4,550,350	462,514	3,650,379	76,405	8,739,648
NONCURRENT ASSETS					
Net pension asset	133,932	1,985	68,846	-	204,763
Capital assets:					
Nondepreciable	12,658,509	-	506,471	91,308	13,256,288
Depreciable assets, net of accumulated depreciation	27,817,692	234,859	12,916,317	645,046	41,613,914
Total noncurrent assets	40,610,133	236,844	13,491,634	736,354	55,074,965
Total assets	45,160,483	699,358	17,142,013	812,759	63,814,613
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	289,777	42,036	227,708	-	559,521
Total deferred outflows of resources	289,777	42,036	227,708	-	559,521
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	2,632,597	60,810	591,542	19,487	3,304,436
Accrued salaries	39,402	5,146	36,558	5,379	86,485
Accrued interest	22,638	-	-	-	22,638
Compensated absences payable, current	43,847	2,931	30,887	4,571	82,236
Notes payable, current	203,282	-	-	-	203,282
Customer deposits payable	517,507	-	748,009	-	1,265,516
Total current liabilities	3,459,273	68,887	1,406,996	29,437	4,964,593
NONCURRENT LIABILITIES					
Compensated absences payable	29,232	1,954	20,591	3,047	54,824
Advances from other funds	-	-	137,835	-	137,835
Notes payable	17,236,879	-	-	-	17,236,879
Total noncurrent liabilities	17,266,111	1,954	158,426	3,047	17,429,538
Total liabilities	20,725,384	70,841	1,565,422	32,484	22,394,131
DEFERRED INFLOWS OF RESOURCES					
Pension related items	502,664	61,685	379,517	-	943,866
Total deferred inflows of resources	502,664	61,685	379,517	-	943,866
NET POSITION					
Net investment in capital assets	20,805,054	234,859	13,422,788	736,354	35,199,055
Unrestricted	3,417,158	374,009	2,001,994	43,921	5,837,082
Total net position	$ 24,222,212	$ 608,868	$ 15,424,782	$ 780,275	$ 41,036,137

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, 2025

	Business-Type Activities - Enterprise Funds				
OPERATING REVENUES	**Water and Sewer Fund**	**Solid Waste Fund**	**Natural Gas Fund**	**Golf Course Fund**	**Totals**
Charges for services	$ 9,026,818	$ 1,431,907	$ 13,803,436	$ 554,960	$ 24,817,121
Total operating revenues	9,026,818	1,431,907	13,803,436	554,960	24,817,121
OPERATING EXPENSES					
Personnel services and benefits	2,660,707	358,221	2,241,040	281,060	5,541,028
Purchased and contracted services	890,543	705,408	685,724	166,371	2,448,046
Supplies and equipment	2,187,880	63,774	6,498,004	78,085	8,827,743
Depreciation	1,865,634	55,215	1,172,497	32,620	3,125,966
Miscellaneous	39,685	10,221	82,215	-	132,121
Total operating expenses	7,644,449	1,192,839	10,679,480	558,136	20,074,904
Operating income	1,382,369	239,068	3,123,956	(3,176)	4,742,217
NON-OPERATING REVENUES (EXPENSES)					
Investment earnings	-	-	123,162	-	123,162
Interest and fiscal agent fees	(214,404)	-	-	-	(214,404)
Intergovernmental	1,327,039	-	-	-	1,327,039
Total non-operating revenues (expenses)	1,112,635	-	123,162	-	1,235,797
Income (loss) before transfers	2,495,004	239,068	3,247,118	(3,176)	5,978,014
Transfers in	961,651	-	-	-	961,651
Transfers out	(1,887,312)	(189,900)	(3,047,764)	-	(5,124,976)
	(925,661)	(189,900)	(3,047,764)	-	(4,163,325)
Change in net position	1,569,343	49,168	199,354	(3,176)	1,814,689
NET POSITION, beginning of year	22,652,869	559,700	15,225,428	783,451	39,221,448
NET POSITION, end of year	$ 24,222,212	$ 608,868	$ 15,424,782	$ 780,275	$ 41,036,137

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, 2025

	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	$ 7,598,183	$ 1,440,530	$ 13,666,453	$ 554,369	$ 23,259,535
Payments to vendors	(1,441,665)	(723,041)	(7,168,302)	(249,611)	(9,582,619)
Payments to or on behalf of employees	(2,701,433)	(363,938)	(2,279,279)	(279,900)	(5,624,550)
Net cash provided by operating activities	3,455,085	353,551	4,218,872	24,858	8,052,366
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	395,234	-	-	-	395,234
Transfers to other funds	(1,887,312)	(189,900)	(3,047,764)	-	(5,124,976)
Net cash used in non-capital financing activities	(1,492,078)	(189,900)	(3,047,764)	-	(4,729,742)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on bonds payable	(199,281)	-	-	-	(199,281)
Principal forgiveness on note payable	1,327,039	-	-	-	1,327,039
Proceeds from note payable	8,719,542	-	-	-	8,719,542
Interest paid	(206,606)	-	-	-	(206,606)
Paid advance from other fund	-	-	(76,924)	-	(76,924)
Transfers from other funds specifically for capital purposes	566,417	-	-	-	566,417
Purchases of capital assets	(11,436,921)	-	(451,671)	-	(11,888,592)
Net cash used in capital and related financing activities	(1,229,810)	-	(528,595)	-	(1,758,405)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	-	-	123,162	-	123,162
Net cash provided by investing activities	-	-	123,162	-	123,162
Net increase in cash and cash equivalents	733,197	163,651	765,675	24,858	1,687,381
Cash and cash equivalents, beginning of year	492,507	157,775	1,474,017	2,451	2,126,750
Cash and cash equivalents, end of year	$ 1,225,704	$ 321,426	$ 2,239,692	$ 27,309	$ 3,814,131
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 1,382,369	$ 239,068	$ 3,123,956	$ (3,176)	$ 4,742,217
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	1,865,634	55,215	1,172,497	32,620	3,125,966
Change in assets and liabilities:					
Accounts receivables	(1,428,635)	8,623	(136,981)	(591)	(1,557,584)
Due from other funds	(221,214)	-	-	-	(221,214)
Inventory	(6,156)	-	(8,792)	(3,927)	(18,875)
Deferred outflows for pension items	178,158	23,506	154,620	-	356,284
Accounts payable	1,901,478	56,362	76,058	(1,228)	2,032,670
Accrued salaries	8,583	289	6,766	1,226	16,864
Retainage payable	(25,454)	-	-	-	(25,454)
Compensated absences	2,632	847	73	(66)	3,486
Customer deposits payable	27,789	-	30,375	-	58,164
Net pension asset	(641,324)	(84,616)	(556,596)	-	(1,282,536)
Deferred inflows for pension items	411,225	54,257	356,896	-	822,378
Net cash provided by operating activities	$ 3,455,085	$ 353,551	$ 4,218,872	$ 24,858	$ 8,052,366

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, 2025.

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 non-fiduciary 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*** to account 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 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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 (including lease liabilities) 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 Non-exchange Transactions*", the corresponding assets (receivables) in non-exchange 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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 non-operating 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, which include property, plant, equipment, right-of-use assets, 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 using the straight-line method over the following estimated useful lives:

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

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 employees are most likely not going to use a majority of the time earned within their employment. 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

Lessee

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 $10,000 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)

Lessee (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.

- ***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.

Note 1. Summary of Significant Accounting Policies (Continued)

M. Fund Equity and Net Position (Continued)

- ***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

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.

Note 1. Summary of Significant Accounting Policies (Continued)

M. Fund Equity and Net Position (Continued)

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. The type of deferred outflow of resources reported by the City relates to pensions. These amounts are described more fully on the following page.

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 relate to pensions and are describe below.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Finally, the City has deferred outflows and inflows of resources related to the recording of changes in its net pension liability (asset). Certain changes in the net pension liability (asset) 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 (asset) 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 (asset) 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 (asset) are reported as deferred outflows of resources.

O. Pensions

For purposes of measuring the net pension liability (asset), 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.

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 $2,820,720 difference are as follows:

Certificates of participation (COPs) payable	$	(2,277,000)
Fair value of interest swap agreement on COPs		123,161
Deferred inflow of resources effective hedge swap agreement		(123,161)
Accrued interest payable		(9,013)
Lease liability		(312,307)
Compensated absences		(222,400)
Net adjustment to reduce *fund balance- total governmental funds* to arrive at *net position - governmental activities*	$	(2,820,720)

Another element of that reconciliation states that "deferred outflows of resources, deferred inflows of resources, and the net pension asset 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 $366,368 difference are as follows:

Net pension asset	$	145,789
Deferred outflows of resources, pension related items		859,732
Deferred inflows of resources, pension related items		(1,371,889)
Net adjustment to reduce *fund balance- total governmental funds* to arrive at *net position - governmental activities*	$	(366,368)

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 expense." The details of this $441,545 difference are detailed below:

Capital outlay	$	1,457,624
Depreciation expense		(1,016,079)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	441,545

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 $253,616 difference are as follows:

Principal payments - leases	$	97,142
Compensated absences		3,271
Net pension asset and related deferred inflows and outflows of resources		153,203
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	253,616

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.

Note 4. Deposits and Investments

The table below summarizes the City's cash and cash equivalents and investments by type as of June 30, 2025.

Investment	Maturities	Fair Value
Deposits with Financial Institutions	---	$ 11,938,161
Certificates of Deposit	July 26, 2025 - August 19, 2025	4,285,611
Guaranteed Investment Contract	June 1, 2028	1,248,508
Total		$ 17,472,280
As reported in the Statement of Net Position:		
Cash and Cash Equivalents		$ 16,223,772
Investments		1,248,508
Total		$ 17,472,280

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.

Note 4. Deposits and Investments (Continued)

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, 2025:

Investment	Level 1	Level 2	Level 3	Fair Value
Fair value hedging derivative:				
Interest rate swap agreement	$ -	$ 123,161	$ -	$ 123,161

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 $1,248,508 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, 2025, the financial institution holding the City's deposits has 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, 2024 Property Tax Digest was recognized as revenues for fiscal year 2025, 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	Nonmajor Governmental
Receivables:				
Taxes	$ 307,223	$ -	$ -	$ 10,073
Accounts	122,192	-	-	-
Intergovernmental	-	325,217	260,929	87,293
Less allowance for uncollectible	(29,173)	-	-	-
Net total receivable	$ 400,242	$ 325,217	$ 260,929	$ 97,366

	Water and Sewer	Solid Waste	Natural Gas	Golf Course Fund
Receivables:				
Taxes	$ -	$ -	$ -	$ -
Accounts	2,844,838	159,297	1,059,729	591
Intergovernmental	-	-	-	-
Less allowance for uncollectible	(84,171)	(18,209)	(119,795)	-
Net total receivable	$ 2,760,667	$ 141,088	$ 939,934	$ 591

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2025 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	281,863	1,171,576	(1,345,971)	107,468
Total assets, not being depreciated	1,042,944	1,171,576	(1,345,971)	868,549
Capital assets, being depreciated/amortized:				
Buildings	8,134,915	-	(5,769)	8,129,146
Urban renew al parks	1,971,408	98,237	(30,869)	2,038,776
Machinery and equipment	7,221,173	187,811	(698,925)	6,710,059
Infrastructure	45,385,265	-	1,345,971	46,731,236
Right-to-use lease assets	520,922	-	-	520,922
Total assets, being depreciated/amortized	63,233,683	286,048	610,408	64,130,139
Less accumulated depreciation/amortization for:				
Buildings	(4,809,097)	(204,158)	5,769	(5,007,486)
Urban renew al parks	(767,923)	(74,899)	14,414	(828,408)
Machinery and equipment	(5,129,238)	(368,951)	697,895	(4,800,294)
Infrastructure	(41,736,123)	(272,895)	-	(42,009,018)
Right-to-use lease assets	(95,176)	(95,176)	-	(190,352)
Total accumulated depreciation/amortization	(52,537,557)	(1,016,079)	718,078	(52,835,558)
Total assets, being depreciated/amortized, net	10,696,126	(730,031)	1,328,486	11,294,581
Governmental activities capital assets, net	$ 11,739,070	$ 441,545	$ (17,485)	$ 12,163,130
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 504,735	$ -	$ -	$ 504,735
Construction in progress	1,186,349	11,565,204	-	12,751,553
Total assets, not being depreciated	1,691,084	11,565,204	-	13,256,288
Capital assets, being depreciated:				
Buildings	14,625,629	-	-	14,625,629
Utility systems	98,177,078	204,594	-	98,381,672
Machinery and equipment	9,815,809	118,794	(671,301)	9,263,302
Total assets, being depreciated	122,618,516	323,388	(671,301)	122,270,603
Less accumulated depreciation for:				
Buildings	(3,184,656)	(95,726)	-	(3,280,382)
Utility systems	(67,918,191)	(2,611,549)	-	(70,529,740)
Machinery and equipment	(7,099,177)	(418,691)	671,301	(6,846,567)
Total accumulated depreciation	(78,202,024)	(3,125,966)	671,301	(80,656,689)
Total assets, being depreciated, net	44,416,492	(2,802,578)	-	41,613,914
Business-type activities capital assets, net	$ 46,107,576	$ 8,762,626	$ -	$ 54,870,202

Note 6. Capital Assets (Continued)

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

Governmental activities:		
General government	$	26,705
Public safety		313,005
Public works		562,921
Culture and recreation		113,448
Total depreciation expense - governmental activities	$	1,016,079
Business-type activities:		
Water and sewer	$	1,865,634
Solid waste		55,215
Natural gas		1,172,497
Golf course		32,620
Total depreciation expense - business-type activities	$	3,125,966

Note 7. Inter-Fund Receivables, Payables, and Transfers

The composition of inter-fund balances as of June 30, 2025, is as follows:

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	American Rescue Plan Fund	$ 221,214
Total		$ 221,214

This balance resulted from costs incurred in the Water and Sewer Fund for the Toccoa Creek Waste Water Improvement project that were funded by the American Rescue Plan grant funding.

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Natural Gas Fund	$ 137,835
Total		$ 137,835

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. Inter-Fund Receivables, Payables, and Transfers (Continued)

Inter-fund transfers for the year ended June 30, 2025:

Transfers In	Transfers Out	Amount
Water and Sewer Fund	Nonmajor Governmental Funds	$ 85,160
Water and Sewer Fund	American Rescue Plan Fund	322,419
Water and Sewer Fund	SPLOST VI Fund	197,406
Water and SewerFfund	SPLOST VII Fund	356,666
General Fund	Nonmajor Governmental Funds	27,090
General Fund	Water and Sewer Fund	1,887,312
General Fund	Solid Waste Fund	189,900
General Fund	Natural Gas Fund	3,047,764
American Rescue Plan Fund	SPLOST VII Fund	12,345
		$ 6,126,062

Transfers are used to: 1) make subsidies to the General Fund from the enterprise funds and nonmajor governmental funds, 2) transfer from the SPLOST VI and SPLOST VII funds to the Water and Sewer Fund and American Rescue Plan Fund are for the reimbursement of purchases of SPLOST assets in the Water and Sewer Fund and American Rescue Plan Fund, and 3) transfer from the American Rescue Plan Fund and nonmajor governmental fund (Grant Fund) to the Water and Sewer Fund for the reimbursement of purchases of water and sewer assets within those funds.

Note 8. Long-Term Debt

Long-term liability activity for the year ended June 30, 2025, 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	225,671	247,023	(250,294)	222,400	177,920
Lease liability	409,449	-	(97,142)	312,307	100,542
Net pension liability (asset)	1,745,823	1,795,120	(3,686,732)	(145,789)	-
Governmental activity Long-term liabilities	$ 4,657,943	$ 2,042,143	$ (4,034,168)	$ 2,665,918	$ 278,462
Business-type activities:					
GEFA Note Payable	$ 8,919,900	$ 8,719,542	$ (199,281)	$ 17,440,161	$ 203,282
Net pension liability (asset)	1,077,773	1,217,112	(2,499,648)	(204,763)	-
Compensated absences	133,574	159,531	(156,045)	137,060	82,236
Business-type activity Long-term liabilities	$ 10,131,247	$ 10,096,185	$ (2,854,974)	$ 17,372,458	$ 285,518

For governmental activities, compensated absences and the net pension liability (asset) 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 semi-annual 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, 2025, the floating rate being paid by the City is 1.92% and the market value of this agreement is $123,161, an increase of $8,573 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, 2025 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
2026	$ -	$ 108,158	$ 108,158
2027	-	108,158	108,158
2028	2,277,000	108,158	2,385,158
Total	$ 2,277,000	$ 324,474	$ 2,601,474

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, 2025, the value of the lease liability was $312,307. The City is required to make annual payments of $111,473. The leases have an interest rate of 3.50%. The equipment has a 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 $190,352.

Year Ending June 30,	Principal	Interest	Total
2026	$ 100,542	$ 10,931	$ 111,473
2027	104,061	7,412	111,473
2028	107,704	3,770	111,474
Total	$ 312,307	$ 22,113	$ 334,420

Note 8. Long-Term Debt (Continued)

Business-Type Activities

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. Monthly principal and interest payments are paid each month beginning August 1, 2024 through July 1, 2054 at an interest rate of 2.17%.

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, ($8,237,005) 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, ($381,064) is reported as due in more than one year. In February 2025, the City executed another promissory note (GF2024-013) to the Georgia Environmental Finance Authority (GEFA) to borrow up to $3,552,400 from the Georgia Fund to finance the continued costs related to the Eastanollee Creek Wastewater Treatment Plan Phase II to support water quality. The loan carries an interest rate of 5.01%. As the project is still in the engineering phases, an amortization schedule has not been determined for this note and thus the entire payable, ($689,620) is reported as due in more than one year.

Note 8. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Notes Payable from Direct Borrowing – Water and Sewer Fund (Continued)

The City's debt service requirements to maturity on its notes payable from direct borrowings are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 203,282	$ 174,825	$ 378,107
2027	207,737	170,369	378,106
2028	212,290	165,816	378,106
2029	216,943	161,164	378,107
2030	221,698	156,409	378,107
2031-2035	1,183,540	706,994	1,890,534
2036-2040	1,319,047	571,483	1,890,530
2041-2045	1,470,076	420,458	1,890,534
2046-2050	1,638,394	252,140	1,890,534
2051-2055	1,459,463	67,702	1,527,165
Total	$ 8,132,470	$ 2,847,360	$ 10,979,830

Note 9. Pension Plan

Plan Description

The City, as authorized by the City Commission, has established a non-contributory 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, 2025, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	112
Inactive plan members entitled to but not receiving benefits	129
Active plan members	157
	398

Note 9. Pension Plan (Continued)

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, 2025, the City's contribution rate was 7.25% of annual payroll. City contributions to the Plan were $595,213 for the fiscal year ended June 30, 2025. Employees of the City of Toccoa do not contribute to the Plan.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2024 with update procedures performed by the actuary to rollforward to the total pension liability measured as of September 30, 2024.

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

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

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2024 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, 2024 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%	6.60%
International equity	20%	7.03
Real estate	10%	3.40
Global fixed income	5%	3.70
Domestic fixed income	20%	2.70
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%. 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.

Changes in the Net Pension Liability (Asset) of the City. The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2025 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/24	$ 26,508,798	$ 23,685,202	$ 2,823,596
Changes for the year:			
Service cost	386,000	-	386,000
Interest	1,931,753	-	1,931,753
Differences between expected and actual experience	658,570	-	658,570
Contributions—employer	-	579,959	(579,959)
Net investment income	-	5,606,420	(5,606,420)
Benefit payments, including refunds of employee contributions	(1,403,064)	(1,403,064)	-
Administrative expense	-	(35,908)	35,908
Net changes	1,573,259	4,747,407	(3,174,148)
Balances at 6/30/25	$ 28,082,057	$ 28,432,609	$ (350,552)

The required schedule of changes in the City's net pension liability (asset) 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.

Note 9. Pension Plan (Continued)

Net Pension Liability (Asset) of the City (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability (asset) 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 (asset)	$ 3,151,509	$ (350,552)	$ (3,282,125)

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, 2024 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended June 30, 2025, the City recognized pension expense of $338,136. At June 30, 2025, 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	$ 972,843	$ (140,225)
Net difference between projected and actual earnings on pension plan investments	-	(2,175,530)
City contributions subsequent to the measurement date	446,410	-
Total	$ 1,419,253	$ (2,315,755)

Note 9. Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of $446,410 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, 2026. 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:		
2026	$	(277,944)
2027		594,907
2028		(881,613)
2029		(778,262)
	$	(1,342,912)

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, 2025, the City paid $11,433 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.

Note 11. Risk Management (Continued)

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.

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 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 $5,812,284 in 2025.

At June 30, 2025, the outstanding debt of MGAG was approximately $40.2 million. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately $1.4 million at June 30, 2025.

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 $76,510 for the year ended June 30, 2025. Of this amount 76.3% 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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 386,000	$ 298,804	$ 293,701	$ 252,127	$ 286,486	$ 285,119	$ 289,544	$ 323,707	$ 300,493	$ 282,248
Interest on total pension liability	1,931,753	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
Differences between expected and actual experience	658,570	957,827	(560,901)	278,634	364,704	50,350	(68,600)	(108,023)	285,462	420,636
Changes of assumptions	-	-	-	-	-	(346,106)	-	(428,087)	-	-
Benefit payments, including refunds of employee contributions	(1,403,064)	(1,153,505)	(1,040,795)	(1,048,827)	(1,016,804)	(949,876)	(899,701)	(797,647)	(710,652)	(648,400)
Net change in total pension liability	1,573,259	1,897,696	456,675	1,157,850	1,223,765	612,290	833,729	495,933	1,285,064	1,361,167
Total pension liability - beginning	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
Total pension liability - ending (a)	$ 28,082,057	$ 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
Plan fiduciary net position										
Contributions - employer	$ 579,959	$ 408,315	$ 500,941	$ 493,152	$ 496,753	$ 492,499	$ 515,136	$ 481,078	$ 423,545	$ 410,064
Net investment income	5,606,420	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
Benefit payments, including refunds of employee contributions	(1,403,064)	(1,153,505)	(1,040,795)	(1,048,827)	(1,016,804)	(949,876)	(899,701)	(797,647)	(710,652)	(648,400)
Administrative expenses	(35,908)	(41,174)	(40,355)	(40,620)	(39,486)	(37,967)	(40,049)	(41,931)	(24,451)	(27,792)
Net change in plan fiduciary net position	4,747,407	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)
Plan fiduciary net position - beginning	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
Plan fiduciary net position - ending (b)	$ 28,432,609	$ 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
City's net pension liability (asset) - ending (a) - (b)	$ (350,552)	$ 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
Plan fiduciary net position as a percentage of the Plan fiduciary net position	101.2%	89.3%	87.6%	109.3%	94.6%	93.6%	95.9%	92.7%	84.3%	82.6%
Covered payroll	$ 8,576,469	$ 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
City's net pension liability (asset) as a percentage of covered payroll	-4.1%	35.3%	40.8%	-34.4%	19.1%	21.8%	14.3%	24.0%	51.6%	57.3%

CITY OF TOCCOA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS

	2025	2024	2023	2022	2021
Actuarially determined contribution	$ 595,213	$ 517,387	$ 429,445	$ 475,772	$ 493,152
Contributions in relation to the actuarially determined contribution	595,213	517,387	429,445	475,772	493,152
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	8,209,834	6,633,167	6,606,846	5,732,193	6,242,430
Contributions as a percentage of covered payroll	7.3%	7.8%	6.5%	8.3%	7.9%

	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 497,473	$ 491,504	$ 519,862	$ 473,321	$ 413,590
Contributions in relation to the actuarially determined contribution	497,473	491,504	519,862	473,321	413,590
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	5,922,298	6,143,800	6,188,833	5,730,278	5,125,031
Contributions as a percentage of covered payroll	8.4%	8.0%	8.4%	8.3%	8.1%

Notes to the Schedule

Valuation Date	January 1, 2024
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	2.25%, 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, 2025

ASSETS	Special Revenue Funds: Hotel/Motel Fund	Special Revenue Funds: Grant Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 137,808	$ 634,386	$ 772,194
Taxes receivable	10,073	-	10,073
Intergovernmental receivable	-	87,293	87,293
Total assets	$ 147,881	$ 721,679	$ 869,560
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ 18,287	$ 18,287
Total liabilities	-	18,287	18,287
FUND BALANCES			
Restricted:			
Capital construction	-	703,392	703,392
Tourism	147,881	-	147,881
Total fund balances	147,881	703,392	851,273
Total liabilities and fund balances	$ 147,881	$ 721,679	$ 869,560

CITY OF TOCCOA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Hotel/Motel Fund	Grant Fund	
Revenues:			
Hotel/Motel taxes	$ 76,510	$ -	$ 76,510
Intergovernmental	-	520,927	520,927
Total revenues	76,510	520,927	597,437
Expenditures:			
Current:			
General government	-	58,198	58,198
Police	-	23,679	23,679
Streets and sanitation	-	198,177	198,177
Parks and recreation	-	3,000	3,000
Economic and community development	58,340	-	58,340
Total expenditures	58,340	283,054	341,394
Excess of revenues over expenditures	18,170	237,873	256,043
Other financing uses:			
Transfers out	(27,090)	(85,160)	(112,250)
Total other financing uses	(27,090)	(85,160)	(112,250)
Net change in fund balances	(8,920)	152,713	143,793
Fund balances, beginning of year	156,801	550,679	707,480
Fund balances, end of year	$ 147,881	$ 703,392	$ 851,273

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, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Hotel/Motel taxes	$ 110,955	$ 106,455	$ 76,510	$ (29,945)
Total revenues	110,955	106,455	76,510	(29,945)
Expenditures:				
Current:				
Economic and community development	55,090	58,340	58,340	-
Total expenditures	55,090	58,340	58,340	-
Excess of revenues over expenditures	55,865	48,115	18,170	(29,945)
Other financing uses:				
Transfers out	(55,865)	(48,115)	(27,090)	21,025
Total other financing uses	(55,865)	(48,115)	(27,090)	21,025
Net changes in fund balances	-	-	(8,920)	(8,920)
Fund balances, beginning of year	156,801	156,801	156,801	-
Fund balances, end of year	$ 156,801	$ 156,801	$ 147,881	$ (8,920)

CITY OF TOCCOA, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 895,024	$ 372,122	$ 520,927	$ 148,805
Total revenues	895,024	372,122	520,927	148,805
Expenditures:				
Current:				
General government	1,137,731	58,251	58,198	53
Police	2,725	26,725	23,679	3,046
Streets and sanitation	488,986	198,986	198,177	809
Parks and recreation	-	3,000	3,000	-
Total expenditures	1,629,442	286,962	283,054	3,908
Excess (deficiency) of revenues over (under) expenditures	(734,418)	85,160	237,873	152,713
Other financing sources:				
Transfer in	734,418	-	-	-
Transfers out	-	(85,160)	(85,160)	-
Total other financing sources	734,418	(85,160)	(85,160)	-
Net changes in fund balances	-	-	152,713	152,713
Fund balances, beginning of year	550,679	550,679	550,679	-
Fund balances, end of year	$ 550,679	$ 550,679	$ 703,392	$ 152,713

CITY OF TOCCOA, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED JUNE 30, 2025

	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	$ 422,297	$ 454,924
Roads, Bridges, and Culverts	2,000,000	2,000,000	345,091	916,786	1,261,877
Public Safety Vehicles	1,315,180	1,315,180	281,841	141,937	423,778
Total SPLOST VII	$ 7,315,180	$ 7,315,180	$ 659,559	$ 1,481,020	$ 2,140,579
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance					
			Total Expenditures	$ 1,112,009	
			Transfers Out	369,011 **(1)**	
				$ 1,481,020	
SPLOST VI					
Water and Sewer Projects	$ 2,000,000	$ 1,889,039	$ 853,172	$ 277,220	$ 1,130,392
Road Resurfacing	2,000,000	2,149,039	2,149,039	57,663	2,206,702
Schaefer Center Renovations	382,327	382,327	89,568	-	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	$ 4,994,891	$ 334,883	$ 5,329,774
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance					
			Total Expenditures	$ 137,477	
			Transfers Out	197,406 **(1)**	
				$ 334,883	
Total SPLOST	$ 13,600,607	$ 13,638,698	$ 5,654,450	$ 1,815,903	$ 7,470,353

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