CITY OF YOUNG HARRIS, GEORGIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2023

CITY OF YOUNG HARRIS, GEORGIA
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MANAGEMENT'S DISCUSSION AND ANALYSIS FINANCIAL REPORT
CITY OF YOUNG HARRIS, GEORGIA
DECEMBER 31, 2023

Our discussion and analysis of City of Young Harris's financial performance provides an overview of the City's financial activities for the fiscal year ending December 31, 2023. Please review in conjunction with the City's financial statements.

REVIEWING THE ANNUAL REPORT

The annual report covers multiple financial statements. The Statement of Net Position and the Statement of Activities supply data about the activities of the City as a whole and provide thorough information regarding the City's finances. For government activities, these statements show how services were financed and what remains for future spending. Fund financial statements show city operations in more detail than government-wide statements as they provide information about the City's most important funds.

FINANCIAL HIGHLIGHTS

Due to this year's operations, the City's Net Position is as follows: Net Position of Governmental Activities was $4,219,503 compared to $3,732,141 in 2022 and Net Position of Business-type Activities was $2,490,767 to $2,446,964 in 2022.

- The current year's governmental activities expenses totalled $566,873 as compared to $393,991 in 2022. The City generated $1,054,235 in revenues for governmental activities compared to $987,188 in the previous year.

- For business-type activities, revenues were $1,134,611 compared to $1,221,077 in 2022, a decrease resulting from a decrease in fees. Expenses were $1,096,526 compared to $968,958 in 2022, which is an increase compared to the previous year's results. Of these revenues, $501,650 was generated by water department operations and $632,961 was generated by sewer department operations.

- The yearly cost for all city functions/programs was $1,663,399 compared to $1,362,949 in 2022.

THE CITY AS A WHOLE ANALYSIS

Since the Statement of Net Position and the Statement of Activities provide facts about the City as a whole, the statements can help determine if a City has improved or deteriorated as a result of the year's activities. All assets and liabilities are included in the statements using the accrual basis of accounting. The accrual method is comparable to the accounting used by most private corporations. All current year revenues and expenses are included. It does not matter when cash is paid or received.

These statements give an account of the City's net position and any changes in that position. However, to truly judge the condition of the City, some non-financial factors must be considered. For example, a change in the tax base could greatly affect the statements.

The Statement of Net Position and the Statement of Activities divide the City into two types of activities:

I) Governmental Activities: The City's basic services are accounted for in this section: public works, parks, general administration and economic development. Property taxes, franchise fees, business licenses, and local option sales taxes finance the majority of these activities.

2) Business-type Activities: Items included in this section are services for which the City charges a fee to help cover all or most of the cost of the service it provides. The water and sewer system are reported here.

DETAILING THE MOST IMPORTANT FUNDS

The fund financial statements cover detailed information about the most important funds of the City. Certain funds are mandated by State law and by Bond agreements. Other funds are established to manage money, meet legal requirements or for certain taxes or grants.

- Governmental Funds: Basic services are reported in governmental funds. This section details how money flows in and out of the funds and covers the balances left at year-end that are left on hand for disbursement. Governmental funds are reported using an accounting method called modified accrual accounting. This method measures cash and financial assets that can easily be converted to cash. The governmental fund statements supply a detailed short-range view of general government operations and basic services. Governmental fund data allows a city to determine the financial resources that can be spent in the long-term to finance the City's programs.

- Proprietary Funds: Proprietary funds are funds that the City charges for services it provides, both to City units and outside customers. Proprietary funds are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds, a component of proprietary funds, are the same as the business-type activities we report in the government-wide statements, but they give more detailed information such as cash flow. Another component of proprietary funds is internal service funds. Internal service funds cover activities that provide supplies and services for City programs.

THE CITY AS A WHOLE ANALYSIS

The largest component of the City's net position is its investment in capital assets (i.e. land, infrastructure, buildings, equipment, and other). Outstanding debt exists on these assets in the form of revenue bonds. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The City has net position at year-end that is restricted for the purposes of debt service and construction of capital projects. The remaining portion of net position is unrestricted, which can be used to finance governmental operations.

The largest component of the City's assets in the business-type activities is water and sewer infrastructure. Long-term debt on the system is $5,080,561 compared to $5,216,917 in 2022.

The City's combined net position is $6,710,270 compared to $6,179,105 last year. However, net position and expenses from governmental and business-type activities must be reviewed separately. Table 1 focuses on the net position and Table 2 focuses on the changes in net position of the City's governmental and business-type activities.

The City's net position for Governmental Activities was $4,219,503 this year compared to $3,732,141 last year. Unrestricted net position was $1,781,285 this year, compared to $1,512,525 last year. Unrestricted net position is what can be used to finance every-day operations without restrictions set by legislation, debt covenants, or other legal regulations.

The net position of the City's Business-type Activities was $2,490,767 this year compared to $2,490,767 last year. Unrestricted Net Position was $841,429 compared to $834,164 last year.

Total revenues for the current year were $2,194,564 compared to $1,981,018 last year. The total yearly cost of all programs and services were $1,663,399 compared to $1,362,949 last year.

Table 3 details the cost of the City's major programs as well as each program's net cost (total cost less revenues generated by the program). The net cost indicates the financial burden that was shifted to the City's taxpayers by each of these programs.

TABLE 1: NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Current and Other Assets	$ 3 000 978	$ 2 658 436	$ 1 677 077	$ 1 607 643	$ 4 678 055	$ 4 266 079
Capital Assets	1 735 426	1 666 861	6 159 777	6 280 620	7 895 203	7 947 481
TOTAL ASSETS	$ 4 736 404	$ 4 325 297	$ 7 836 854	$ 7 888 263	$ 12 573 258	$ 12 213 560
Current Liabilities	$ 516 901	$ 593 156	$ 265 526	$ 224 382	$ 782 427	$ 817 538
Long-Term Liabilities	-	-	5 080 561	5 216 917	5 080 561	5 216 917
TOTAL LIABILITIES	$ 516 901	$ 593 156	$ 5 346 087	$ 5 441 299	$ 5 862 988	$ 6 034 455
Net investment in capital assets	$ 1 735 426	$ 1 666 831	$ 941 404	$ 930 366	$ 2 676 830	$ 2 597 197
Restricted	702 792	$ 552 785	707 934	682 434	1 410 726	1 235 219
Unrestricted	1 781 285	1 512 525	841 429	834 164	2 622 714	2 346 689
TOTAL LIABILITIES	$ 4 219 503	$ 3 732 141	$ 2 490 767	$ 2 446 964	$ 6 710 270	$ 6 179 105

TABLE 2: CHANGES IN NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for Services	$ 37 041	$ 8 187	$ 1 134 611	$ 1 220 717	$ 1 171 652	$ 1 228 904
Operating grants	-	-	-	-	-	-
Capital Grants/Contributions	393 030	452 114	-	-	393 030	452 114
General Revenues						
Property Taxes	49 667	71 556	-	-	49 667	71 556
Other Taxes	508 292	418 724	-	-	508 292	418 724
Other General	66 205	36 607	5 718	360	71 923	36 967
Total Revenues	$ 1 054 235	$ 987 188	$ 1 140 329	$ 1 221 077	$ 2 194 564	$ 2 208 265
Program Expenses:						
General Government	$ 313 584	$ 297 392	$ -	$ -	$ 313 584	$ 297 392
Public Works	65 661	68 471	-	-	65 661	68 471
Culture and Recreation	69 113	24 217	-	-	69 113	24 217
Public Safety	766	1 396	-	-	766	1 396
Economic Development	117 749	2 391	-	-	117 749	2 391
Interest on long-term debt	-	124	-	-	-	124
Water and Sewer	-	-	1 096 526	968 958	1 096 526	968 958
Total Expenses	$ 566 873	$ 393 991	$ 1 096 526	$ 968 958	$ 1 663 399	$ 1 362 949
Change in Net Position	487 362	593 197	43 803	252 119	531 165	845 316
NET POSITION, BEGINNING	3 732 141	3 138 944	2 446 964	2 194 845	6 179 105	5 333 789
NET POSITION, ENDING	$ 4 219 503	$ 3 732 141	$ 2 490 767	$ 2 446 964	$ 6 710 270	$ 6 179 105

Table 3: GOVERNMENTAL ACTIVITIES

	Total Cost of Services		Net Cost (Revenue) of services	
	2023	2022	2023	2022
General Government	$ 313 584	$ 297 392	$ (276 543)	$ (289 605)
Public Works	65 661	68 471	327 369	383 643
Culture & Recreation	69 113	24 217	(69 113)	(24 217)
Public Safety	766	1 396	(766)	(1 396)
Economic Development	117 749	2 391	(117 749)	(1 991)
Interest on long-term debt	-	124	-	(124)
TOTALS	$ 566 873	$ 393 991	$ (136 802)	$ 66 310

GOVERNMENTAL FUNDS

This year the governmental fund revenues were $1,018,606 compared to $927,131 last year. This year's governmental fund expenditures were $601,919 compared $479,258 last year, resulting from increased economic development costs. As described in Note 14 of the financial statements, the City had appointed an Economic Development Director, and the City decided to appoint a Main Street Director as well. Both Directors are tasked with identifying and obtaining funds for investing in the economic development of the City of Young Harris. Fund balance was $2,450,162 as compared to $2,033,475 last year.

BUSINESS-TYPE ACTIVITIES

This year's Business-type activities operating revenues (see Table 2) were $1,134,611 compared to $1,220,717 last year. This year's operating expenses were $969,382 compared to $968,958 last year.

BUDGETARY HIGHLIGHTS:

The City Council revisits the budget several times during the year. The current year's budgets were defined as follows:

Table 4: 2023 BUDGET

	ORIGINAL	AMENDED	O/A VARIANCE*	2023 ACTUAL EXPENSES
General Fund	$ 368 634	$ 485 070	$ 116 436	$ 361 329
Water Fund	501 835	477 938	(23 897)	405 692
Sewer Fund	626 983	676 863	49 880	563 690
Total	$ 1 497 452	$ 1 639 871	$ 142 419	$ 1 330 711

* O/A refers to the variance between the Original Budget and the Amended

As a whole, the City operated under budget by $309,160 in expenditures. The General Fund revenues were $266,680 over actual expenditures, due to more sales taxes received. The Water Fund revenues were $96,154 over actual expenses, results of increased fees and lower engineering expenses. The Sewer Fund revenues were $74,669 over expenses due to decrease in maintenance cost.

CITY FUNDS

At year end, the City reported cash balances of $4,463,756 compared to $4,069,259 last year. Included in cash balances are accounts restricted for debt service in the amount of $707,934.

CAPITAL ASSETS

At the close of the year, the City had invested $14,775,693 in Capital Assets such as land, buildings, and improvements, equipment and infrastructure. These figures are before depreciation. Last year Capital Assets before depreciation were $14,775,693. After accumulated depreciation of$6,880,490 the end of year total was $7,895,203 (See the note disclosure in Note 5 for more detailed information.)

DEBT MANAGEMENT

At the close of the year, the City had outstanding revenue bonds in the amount of $5,218,373 for water and sewer system improvements (See Table 5 and the note disclosure in Note 6 for more detailed information.)

TABLE 5: OUTSTANDING DEBT AT YEAR-END

	Beginning of Year	Additions	Reductions	End of Year	Amount Due in One Year
Notes	$ 5 350 254	$ -	$ (131 881)	$ 5 218 373	$ 137 812

The above includes a Water/Sewer Improvements Revenue Bond with The Rural Economic and Community Development Agency that was issued in 1995 for improvements to the Water System and to add Young Harris College to the Water System. The bonds issued in 2009 were for the water line improvements, including a new water tank. The bonds issued in 2016 were for the sewer line expansion.

ECONOMIC ISSUES/UPCOMING YEARLY BUDGETS

City officials considered many issues when establishing the upcoming year's budget, tax rates, and fees. The City included Water Tank access, Water Line extensions, replacing some older equipment, more storage, and Sewer Plant renovations.

CONTACT INFORMATION

This report has been created to give our citizens, taxpayers, customers, and creditors a summary of city finances and to show allocation of the money it receives. If you have any questions regarding this report, or if you need additional financial information, please contact:

City Clerk/Financial Officer
P.O: Box 122
Young Harris, GA. 30582

Phone: 706-379-3171

Fax: 706-379-3172

cityofyh@windstream.net

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council
of the City Council
City of Young Harris, 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 and each major fund of the City of Young Harris, Georgia (the "City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Young Harris, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental 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 budgetary comparison schedules for the General Fund and ARPA Grant Fund as listed in 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 accompanying Schedule of Projects Constructed with Proceeds from Special Purpose Local Option Sales Taxes as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and 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 Schedules of Projects Constructed with Proceeds from Special Purpose Local Option Sales Taxes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

CKH CPAs and Advisors, LLC

CKH CPA's and Advisors, LLC
Atlanta, Georgia
June 25, 2024

CITY OF YOUNG HARRIS, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash investments	$ 1 167 982	$ 894 044	$ 2 062 026
Restricted cash	1 622 465	769 635	2 392 100
Certificate of deposit	3 486	-	3 486
Restricted certificate of deposit	-	6 144	6 144
Taxes receivable	31 606	-	31 606
Accounts receivable	-	77 785	77 785
Intergovernmental receivable	75 785	-	75 785
Prepaid expenses	9 188	19 935	29 123
Internal balances	90 466	(90 466)	-
Capital assets:			
Land	163 261	-	163 261
Construction in progress	147 078	24 019	171 097
Land improvements	46 917	-	46 917
Buildings and improvements	429 068	2 324	431 392
Machinery and equipment	19 633	46 325	65 958
Vehicles	584	-	584
Infrastructure	928 885	6 087 109	7 015 994
Total assets	$ 4 736 404	$ 7 836 854	$ 12 573 258
Liabilities:			
Current liabilities:			
Accounts payable	26 718	$ 52 132	$ 78 850
Accrued interest payable	-	7 737	7 737
Customer deposits	-	67 845	67 845
Unearned revenue	490 183	-	490 183
Revenue bonds	-	137 812	137 812
Noncurrent liabilities:			
Revenue bonds	-	5 080 561	5 080 561
Total liabilities	516 901	5 346 087	5 862 988
Net Position			
Net investment in capital assets	1 735 426	941 404	2 676 830
Restricted for:			
Debt service	-	707 934	707 934
Capital projects	702 792	-	702 792
Unrestricted	1 781 285	841 429	2 622 714
Total net position	$ 4 219 503	$ 2 490 767	$ 6 710 270

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

CITY OF YOUNG HARRIS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Program Activities	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position: Governmental Activities	Net Revenues (Expenses) and Changes in Net Position: Business-type Activities	Net Revenues (Expenses) and Changes in Net Position: Total
Governmental activities:							
General government	$ 313 584	$ 37 041	$ -	$ -	$ (276 543)	$ -	$ (276 543)
Public safety	766	-	-	-	(766)	-	(766)
Public works	65 661	-	-	393 030	327 369	-	327 369
Culture and recreation	69 113	-	-	-	(69 113)	-	(69 113)
Economic development	117 749	-	-	-	(117 749)	-	(117 749)
Total governmental activities	566 873	37 041	-	393 030	(136 802)	-	(136 802)
Business-type activities:							
Water	454 020	501 650	-	-	-	47 630	47 630
Sewer	642 506	632 961	-	-	-	(9 545)	(9 545)
Total business-type activities	1 096 526	1 134 611	-	-	-	38 085	38 085
Total government	$ 1 663 399	$ 1 171 652	$ -	$ 393 030	$ (136 802)	$ 38 085	$ (98 717)
General revenues:							
Taxes:							
Property taxes					$ 49 667	$ -	$ 49 667
Sales taxes					376 198	-	376 198
Business taxes					97 750	-	97 750
Franchise and miscellaneous taxes					34 344	-	34 344
Unrestricted investment earnings					23 444	120	23 564
Donation of land					52 000	-	52 000
Miscellaneous					9 210	5 598	14 808
Gain (loss) on disposal of capital asset					(18 449)	-	(18 449)
Total general revenues and transfers					624 164	5 718	629 882
Change in net position					487 362	43 803	531 165
Net position - beginning					3 732 141	2 446 964	6 179 105
Net position - ending					$ 4 219 503	$ 2 490 767	$ 6 710 270

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

CITY OF YOUNG HARRIS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	SPLOST Fund	American Rescue Plan Fund	Total Governmental Funds
ASSETS:				
Cash and cash investments	$ 1 167 982	$ -	$ -	$ 1 167 982
Restricted cash	466 666	659 045	496 754	1 622 465
Certificate of deposit	3 486	-	-	3 486
Taxes receivable	31 606	-	-	31 606
Due from other funds	97 037	-	-	97 037
Intergovernmental receivable	23 658	52 127	-	75 785
Prepaid expenses	9 188	-	-	9 188
Total assets	$ 1 799 623	$ 711 172	$ 496 754	$ 3 007 549
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities				
Accounts payable	$ 18 341	$ 8 380	$ -	$ 26 721
Due to other funds	-	-	6 571	6 571
Unearned revenue	-	-	490 183	490 183
Total liabilities	18 341	8 380	496 754	523 475
Deferred inflows of resources				
Deferred property taxes	33 912	-	-	33 912
Total liabilities and deferred inflows	52 253	8 380	496 754	557 387
Fund balances:				
Nonspendable:				
Prepaid items	9 188	-	-	9 188
Restricted for:				
Capital projects funds	-	702 792	-	702 792
Assigned	-	-	-	-
Unassigned	1 738 182	-	-	1 738 182
Total fund balances	1 747 370	702 792	-	2 450 162
Total liabilities, deferred inflows of resources and fund balances	$ 1 799 623	$ 711 172	$ 496 754	$ 3 007 549

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

CITY OF YOUNG HARRIS, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023

Total fund balances - Governmental Funds		$ 2 450 162
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the Governmental Funds Balance Sheet:		
Cost	$ 1 735 429	
Less accumulated depreciation	-	1 735 429
Net position of governmental activities		$ 4 219 503

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

CITY OF YOUNG HARRIS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	SPLOST Fund	American Rescue Plan Fund	Total Governmental Funds
REVENUES:				
Property taxes	$ 47 589	$ -	$ -	$ 47 589
Sales taxes	376 198	-	-	376 198
Franchise taxes	34 344	-	-	34 344
Business taxes	97 750	-	-	97 750
Licenses and permits	37 041	-	-	37 041
Intergovernmental revenue	15 267	304 696	73 067	393 030
Interest income	10 610	12 834	-	23 444
Miscellaneous revenue	9 210	-	-	9 210
Total revenues	628 009	317 530	73 067	1 018 606
EXPENDITURES:				
Current:				
General government	133 729	-	-	133 729
Public works	45 672	-	-	45 672
Culture and recreation	64 179	-	-	64 179
Economic development	117 749	-	-	117 749
Capital outlay - Public works	-	167 523	73 067	240 590
Total expenditures	361 329	167 523	73 067	601 919
Excess (deficiency) of revenues over expenditures	266 680	150 007	-	416 687
NET CHANGE IN FUND BALANCES	266 680	150 007	-	416 687
FUND BALANCES - BEGINNING	1 480 690	552 785	-	2 033 475
FUND BALANCES - ENDING	$ 1 747 370	$ 702 792	$ -	$ 2 450 162

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

CITY OF YOUNG HARRIS, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in Fund Balances - Total Governmental Funds		$ 416 687
Amounts reported for governmental activities in the Statement of activities are different because:		
Governmental Funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. This is the amount by which reported revenues in the Statement of Activities exceeded revenues considered available by the governmental funds.		
Deferred property taxes - December 31, 2023	33 912	
Deferred property taxes - December 31, 2022	(31 835)	2 077
Governmental Funds report capital outlay as expenditure. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		125 067
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(38 022)
Proceeds from the disposal of capital assets provide current financial resources to governmental funds, however, these proceeds are offset by the cost and accumulated depreciation of such assets and the resulting gain or loss on disposal is recorded in the Statement of Activities. This is the amount by which governmental funds proceeds exceeded the resulting gain.		(18 449)
Change in net position of governmental activities		$ 487 362

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

CITY OF YOUNG HARRIS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Enterprise Funds		Totals
	Water Fund	Sewer Fund	
Assets:			
Cash and cash investments	$ 382 357	$ 511 687	$ 894 044
Restricted cash	253 290	516 345	769 635
Restricted certificate of deposit	6 144	-	6 144
Accounts receivable	42 750	35 035	77 785
Due from other funds	6 571	34 547	41 118
Prepaid expenses	12 328	7 607	19 935
Total current assets	703 440	1 105 221	1 808 661
Noncurrent assets:			
Capital assets:			
Construction in progress	19 276	4 743	24 019
Buildings and improvements	1 245	1 079	2 324
Machinery and equipment	23 751	22 574	46 325
Infrastructure	1 104 086	4 983 023	6 087 109
Less accumulated depreciation	-	-	-
Intangible assets	-	-	-
Less accumulated amortization	-	-	-
Total capital assets, net of accumulated depreciation	1 148 358	5 011 419	6 159 777
Total assets	$ 1 851 798	$ 6 116 640	$ 7 968 438
Liabilities:			
Current liabilities:			
Accounts payable	$ 8 065	$ 44 067	$ 52 132
Accrued interest payable	1 752	5 985	7 737
Customer deposits	59 120	8 725	67 845
Due to other funds	51 712	79 872	131 584
Revenue bonds	44 611	93 201	137 812
Total current liabilities	165 260	231 850	397 110
Noncurrent liabilities:			
Revenue bonds	1 012 826	4 067 735	5 080 561
Total noncurrent liabilities	1 012 826	4 067 735	5 080 561
Total liabilities	1 178 086	4 299 585	5 477 671
Net Position			
Net investment in capital assets	90 921	850 483	941 404
Restricted for debt service	200 314	507 620	707 934
Unrestricted	382 477	458 952	841 429
Total net position	$ 673 712	$ 1 817 055	$ 2 490 767

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

CITY OF YOUNG HARRIS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Enterprise Funds		
	Water Fund	**Sewer Fund**	**Totals**
Operating revenues:			
Charges for services - water	$ 482 557	$ -	$ 482 557
Charges for services - sewer	-	467 392	467 392
Charges for services - Leachate	-	160 407	160 407
Connection fees	11 624	-	11 624
Service charges	7 469	5 162	12 631
Miscellaneous revenues	196	5 398	5 594
Total operating revenues	501 846	638 359	1 140 205
Operating expenses:			
Personnel services	143 258	55 492	198 750
Purchased/contracted services	46 152	35 238	81 390
Supplies	45 914	26 368	72 282
Depreciation	82 359	214 181	296 540
Management services	-	105 215	105 215
Repairs and maintenance	14 672	54 337	69 009
Utilities	37 632	29 969	67 601
Professional services	35 705	42 890	78 595
Total operating expenses	405 692	563 690	969 382
Income (loss) from operations	96 154	74 669	170 823
Non-operating revenues (expenses):			
Interest expense	(48 328)	(78 812)	(127 140)
Interest income	120	-	120
Total non-operating expenses	(48 208)	(78 812)	(127 020)
Income (loss) before transfers	47 946	(4 143)	43 803
Change in net position	47 946	(4 143)	43 803
Net position - beginning	625 766	1 821 198	2 446 964
Net position - ending	$ 673 712	$ 1 817 055	$ 2 490 767

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

CITY OF YOUNG HARRIS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Enterprise Funds		Totals
	Water Fund	Sewer Fund	
Cash flows from operating activities:			
Cash received from customers	$ 505 764	$ 638 720	$ 1 144 484
Cash payments to suppliers for goods and services	(102 153)	(208 753)	(310 906)
Cash payments to employees for services	(143 258)	(55 492)	(198 750)
Net cash provided (used) by operating activities	260 353	374 475	634 828
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(175 700)	(175 700)
Interest and fiscal charges paid	(48 328)	(78 812)	(127 140)
Principal payments on debt	(40 785)	(91 096)	(131 881)
Net cash provided (used) by capital and related financing activities	(89 113)	(345 608)	(434 721)
Cash flows from investing activities:			
Interest on cash and investments	120	-	120
Net increase (decrease) in cash and cash investments	171 360	28 867	200 227
Cash and cash investments, January 1, 2023	470 431	999 165	1 469 596
Cash and cash investments, December 31, 2023	$ 641 791	$ 1 028 032	$ 1 669 823
Reconciliation of operating loss to net cash provided by operating activities:			
Income (loss) from operations	$ 96 154	$ 74 669	$ 96 154
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation and amortization	82 359	214 181	82 359
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	3 918	361	3 918
(Increase) decrease in prepaid items	(5 663)	(2 844)	(5 663)
Increase (decrease) in accounts payable	672	44 064	672
Increase (decrease) in accrued liabilities	(86)	(131)	(86)
Increase (decrease) in customer deposits payable	3 725	(1 150)	3 725
Increase (decrease) in interfund payables	79 274	45 325	79 274
Net cash provided (used) by operating activities	$ 260 353	$ 374 475	$ 260 353
Reconciliation of total cash and cash investments:			
Current assets - cash	$ 382 357	$ 511 687	$ 382 357
Current assets - time deposits	259 434	516 345	259 434
Total cash and cash investments	$ 641 791	$ 1 028 032	$ 641 791

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Young Harris (the "City") was chartered in 1895. The City operates under a council/mayor form of government and provides the following services: public works, culture and recreation, economic development and general and administrative services. In addition, the City operates public water and sewer services within the City limits and immediate surrounding areas.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the City's accounting policies are described below.

B. The Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

As a result of applying these criteria, the City has no component units.

C. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements. The City did not have any non-major funds during the year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (continued)

Governmental funds are those funds through which most governmental funds typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund -

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

SPLOST Fund -

This fund accounts for the special purpose local option sales tax that is to be used for capital projects, such as streets, bridges, and parks and recreation improvements.

American Rescue Plan Fund -

This fund accounts for the American Rescue Plan Act grant activity of the City and is considered to be a special revenue fund.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Proprietary Funds -

The Water and Sewer Funds are used to account for the provision of water and sewer operations to the residents of the City. Activities of the funds include administration, operations and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

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. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net positions and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. A special purpose local option sale tax (SPLOST) is collected by Towns County and the County then sends the funds to the City. These funds are included in intergovernmental revenue in the SPLOST fund. Intergovernmental receivable accounts for the sales tax funds collected by the County and not yet submitted to the City. All other governmental fund revenues are recognized when received.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applied to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item of unavailable revenue which is reported only in the governmental funds balance sheet. This is property taxes which are reported as deferred inflows since they are recognized as receivables before the period for which the taxes are levied.

F. Budgets

All budgets, except for the Proprietary Fund, are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund and the Proprietary Funds. Amounts presented for these funds are as amended by the City Council. All annual appropriations lapse at year end. Project-length budgets were adopted for the Capital Projects Funds.

G. Cash and Investments

Cash includes amounts on hand and in demand deposits as well as certificates of deposits with a maturity date of three months or less. Cash equivalents are short term, highly liquid investments that can be converted to known amounts of cash.

The City's deposit policy limits deposit choices to checking accounts, money market accounts and certificates of deposits with local banks. All deposits are to be secured as required by state statutes. The state statute requires the deposits to be secured at an amount equal to the total deposits less FDIC insurance, and then multiplied by 110 percent.

The City's investment policy limits investment choices to investments complying with state statutes. These investments are limited to obligations of 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, the local government investment pool established by state law and obligations of other political subdivisions of the State of Georgia.

H. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

I. Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

J. Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

K. Capital Assets

Capital assets, which includes land and improvements, infrastructure (e.g. roads, bridges, sidewalks, and similar items), buildings and improvements, vehicles and equipment, and water and sewer systems, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the City as assets with an initial, individual cost of $1,000 and an estimated useful life in excess of two years.

General infrastructure assets acquired prior to January 1, 2004, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to January 1, 2004. Improvements to capital assets are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Interest has not been capitalized during the construction period on property, plant and equipment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Depreciation has been calculated on each class of depreciable property using the straight-line method. Assets are capitalized and are depreciated over the estimated useful lives as follows:

	Life - Years
Land	Indefinite
Land improvements	15 - 30
Buildings	20
Building improvements	10 - 20
Vehicles and equipment	5 - 20
Water and sewer systems	40

L. Intangible assets

Intangible assets, consisting of system maps, studies and master plans in the Sewer Fund, have been fully amortized over an estimated useful life of 5 years.

M. Compensated Absences

The City offers full-time employees compensated time off for vacation and sickness. Vacation leave is determined by the years of service and sick leave is accrued at one day per month, or twelve days per year, up to a maximum of 20 days. Vacation leave is forfeited if not taken by December 31st of each calendar year, therefore, it is expensed as incurred, Accrued and unpaid sick leave at year end is not recorded as a liability as it is contingent upon employees' future illness and is not paid upon termination.

N. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net positions.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

O. Leases - Lessee

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 $5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be paid during the lease term. Subsequently, the lease liability is reduced by the principal portion of the 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 the shorter of the useful life of the asset or the lease term.

There were no lease assets or liabilities that were recognized at year end.

P. Subscription-based Information Technology Arrangements

The City recognizes a subscription liability and a subscription asset in the government-wide financial statements for IT software subscriptions. The City recognizes subscription liabilities with an initial, individual value of $5,000 or more. At the commencement of a subscription agreement, the City initially measures the subscription liability at the present value of payments expected to be paid during the subscription agreement term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription agreement commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the asset or the subscription term.

There were no subscription assets or liabilities that were recognized at year end.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted - consist of net positions that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted - all other net positions are reported in this category.

R. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

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 Council through a motion. The fund balance must result from a specific revenue stream committed for a specific purpose. Only the City Council may modify or rescind the commitment.

Assigned - Amounts that are designated by the City Council for a particular purpose. By motion, only the City Council can authorize an assignment of fund balances. Also, any of the fund balance reported at year-end that is included in the subsequent years' budget is reported as assigned.

Unassigned - All amounts not included in other spendable classifications.

Flow Assumptions - When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources 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

S. Estimates

The presentation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 LEGAL COMPLIANCE

A. Budgets

Annual appropriated budgets are adopted for all funds, except capital project funds, which have project length budgets. The governmental fund budgets are adopted on a budgetary basis, which includes encumbrances at year end as budgetary expenditures. Proprietary fund budgets are adopted on a budgetary basis, which includes encumbrances at year end as budgetary expenses and the inflows from the issuance of debt as financing sources and related outflows as capital expenses. All appropriations lapse at fiscal year end. Encumbered appropriations are carried forward to the subsequent year automatically with no formal action required by the City Council. 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 employed by the City.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

Compliance with Bonds Payable
As of December 31, 2023, the City is in compliance, in all material respects, with requirements under covenants relating to its bonds payable.

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

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City 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 (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

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

Deposits

Cash on the accompanying financial statements includes cash on hand, demand deposits and savings accounts with financial institutions.

The bank balance is classified into three categories of credit risk: 1) cash that is insured or collateralized with securities held by the City or by its agent in its name, 2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and 3) uncollateralized bank accounts including any bank balance that is collateralized with securities held by the pledging institution's trust department or agent but not in the City'a name. Although the City has no formal policy related to credit risk, it follows State law as stated above.

The City's deposits are classified as follows on December 31, 2023:

Category	**2023**
Category 1	$ 2 398 244
Category 2	2 065 512
Total	$ 4 463 756

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

Investments

Investments as at December 31, 2023, consist of certificates of deposit with the FDIC insured financial institutions. The General Fund certificate bears interest at 0.35%. All highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

NOTE 4 RECEIVABLES

The receivables as of December 31, 2023 for the City's individual major funds are as follows.

Receivables:	General Fund	SPLOST Fund	Water Fund	Sewer Fund	Total
Property taxes	$ 31 606	$ -	$ -	$ -	$ 31 606
Intergovernmental receivables	23 658	52 127	-	-	75 785
Accounts receivable	-	-	42 750	35 035	77 785
Gross receivables	55 264	52 127	42 750	35 035	185 176
Less: Allowance for doubtful accounts	-	-	-	-	-
Net total receivables	$ 55 264	$ 52 127	$ 42 750	$ 35 035	$ 185 176

Property taxes are levied as of November 1, 2023 and are considered due upon receipt by the taxpayer; however, the actual due date is February 28, 2024. Property taxes become a lien on the first day of the levy year. After this date, the bill becomes delinquent, and penalties and interest may be assessed. The assessment date for penalties and interest is May 31, 2024. Property taxes receivable at year end is based on the tax levy, less amounts collected prior to December 31, 2023.

The property taxes levied in November 2023 were intended for use in the 2024 budget year, therefore, the entire 2023 digest levy of $33,912 is included in deferred property taxes on the accompanying governmental funds' balance sheet. Prior year levies were recorded using substantially the same principles, and remaining receivables are re-evaluated annually for collectability.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance January, 1	Additions	Deletions	Balance December, 31
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 111 761	$ 52 000	$ (500)	$ 163 261
Construction in progress	74 011	73 067	-	147 078
Total capital assets, not being depreciated	185 772	125 067	(500)	310 339
Capital assets, being depreciated				
Land improvements	330 579	-	(27 184)	303 395
Infrastructure	1 276 738	-	-	1 276 738
Buildings and improvements	801 151	-	(40 592)	760 559
Machinery and equipment	178 882	-	(5 342)	173 540
Vehicles	73 381	-	-	73 381
Total capital assets, being depreciated	2 660 731	-	(73 118)	2 587 613
Less accumulated depreciation for:				
Land improvements	276 828	5 390	(25 740)	256 478
Infrastructure	331 289	16 564	-	347 853
Buildings and improvements	343 719	11 859	(24 087)	331 491
Machinery and equipment	157 375	1 873	(5 341)	153 907
Vehicles	70 461	2 336	-	72 797
Total accumulated depreciation	1 179 672	38 022	(55 168)	1 162 526
Total capital assets, being depreciated, net	1 481 059	(38 022)	(17 950)	1 425 087
Governmental activities capital assets, net	$ 1 666 831	$ 87 045	$ (18 450)	$ 1 735 426
Business-type Activities:				
Capital assets, not being depreciated				
Construction in progress	$ 24 019	$ -	$ -	$ 24 019
Total capital assets, not being depreciated	24 019	-	-	24 019
Capital assets, being depreciated				
Water infrastructure	2 764 990	-	-	2 764 990
Sewer infrastructure	8 273 318	175 700	-	8 449 018
Buildings	8 972	-	-	8 972
Machinery and equipment	590 243	-	-	590 243
Vehicles	40 499	-	-	40 499
Total capital assets, being depreciated	11 678 022	175 700	-	11 853 722
Less accumulated depreciation for:				
Water infrastructure	1 587 941	72 963	-	1 660 904
Sewer infrastructure	3 260 887	205 154	-	3 466 041
Buildings	6 329	319	-	6 648
Machinery and equipment	531 607	12 265	-	543 872
Vehicles	34 659	5 840	-	40 499
Total accumulated depreciation	5 421 423	296 541	-	5 717 964
Total capital assets, being depreciated, net	6 256 599	(120 841)	-	6 135 758
Business-type activities capital assets, net	$ 6 280 618	$ (120 841)	$ -	$ 6 159 777
Intangible assets:				
Mapping, studies and plans	$ 46 225	$ -	$ -	$ 46 225
Accumulated amortization	46 225	-	-	46 225
Net intangible assets	$ -	$ -	$ -	$ -

NOTE 5 CAPITAL ASSETS (CONTINUED)

Depreciation expense was changed as direct expense to programs of the primary government as follows:

Governmental activities:	
General government	$ 12 333
Public safety	766
Public works	19 989
Culture and recreation	4 934
Total depreciation expense - Governmental activities	$ 38 022

Depreciation expense was changed as direct expense to programs of the proprietary funds as follows:

Business-type activities:	
Water	$ 82 400
Sewer	214 141
Total depreciation expense - Business-type activities	$ 296 541

NOTE 6 LONG-TERM DEBT

At December 31, 2023 the City had the following long-term debt:

Business-Type Activities

Revenue Bonds - The revenue bonds outstanding as at December 31, 2023, consist of the following:

Water Fund - Series 1994 Revenue Bonds were issued in the amount of $596,200 at 5.625% with monthly principal and interest payments of $3,148 until maturity in 2035, for the construction of water line extensions.	$ 314 150
Less current portion	(20 951)
	$ 293 199

Water Fund - Series 2009 Revenue Bonds were issued in the amount of $1,025,100 at 3.75% with monthly principal and interest payments of $4,132 until maturity in 2050, for the construction of water line improvements.	$ 743 286
Less current portion	(23 660)
	$ 719 626

Sewer Fund - Series 2016 Revenue Bonds were issued in the amount of $4,771,000 at 1.875% with monthly principal and interest payments of $14,170 until maturity in 2056, for the construction of sewer improvements.	$ 4 160 937
Less current portion	(93 201)
	$ 4 067 736

Annual debt service requirements to this capital lease payable as of December 31, 2023 follow:

Year	Principal	Interest	Total
2024	$ 137 812	$ 120 395	$ 258 207
2025	141 451	116 598	258 049
2026	144 734	112 666	257 400
2027	148 805	108 595	257 400
2028	151 215	105 930	257 145
2029-2033	825 983	459 604	1 285 587
2034-2038	790 470	344 308	1 134 778
2039-2043	847 083	249 926	1 097 009
2044-2048	795 947	152 325	948 272
2049-2053	769 754	53 592	823 346
2054-2056	465 119	11 811	476 930
Total	$ 5 218 373	$ 1 835 750	$ 7 054 123

The following is a summary of changes in long-term debt for the year ended December 31, 2023:

	Balance January 1	Issues or Additions	Payments or Expenditures	Balance December 31	Due In One Year
Business-Type Activities:					
Revenue bonds - Water	$ 1 098 221	$ -	$ (40 785)	$ 1 057 436	$ 44 611
Revenue bonds - Sewer	4 252 033	-	(91 096)	4 160 937	93 201
Total for business-type activities	$ 5 350 254	$ -	$ (131 881)	$ 5 218 373	$ 137 812

NOTE 7 INTERFUND BALANCES AND TRANSFERS

Interfund receivables, payables and transfers for the year ended December 31, 2023 were as follows:

Fund	Interfund Receivables	Interfund Payables	Transfer In	Transfer Out
General Fund	$ 97 037	$ -	$ -	$ -
SPLOST Fund	-	-	-	-
American Rescue Plan Fund	-	6 571	-	-
Water Fund	6 571	51 712	-	-
Sewer Fund	34 547	79 872	-	-
Totals	$ 138 155	$ 138 155	$ -	$ -

The outstanding balances between funds primarily result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are expected to be repaid within one year from the date of the financial statements.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) provide unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 FUND BALANCES

The following is a summary of the fund balances for the governmental funds at December 31, 2023:

Net investment in capital assets	
Nonspendable:	
Prepaid items - This is prepaid insurance in the General Fund	$ 9 188
Restricted for construction of capital assets - This is net position restricted by state law as follows:	
SPLOST Fund - Restricted by state law	702 792
Unassigned:	
This is the amount assigned in the General Fund	1 738 182
Total fund balance	$ 2 450 162

NOTE 9 DEFINED CONTRIBUTION PLAN

The City offers employees the opportunity to participate in the City of Young Harris SIMPLE Retirement Plan (the "Plan"), a defined contribution plan established in accordance with Section 408(p) of the Internal Revenue Code. The Plan is administered by South State Bank and all full-time employees are eligible to participate. Employee contributions are based on a percentage of salary which the City will match at a rate of 100% of the employee's contribution up to 4% of salary as determined by the City Council. Plan provisions were established and may be amended by the City Council. Employee and City contributions for the year ended December 31, 2023 were $4,838 and $1,383 respectively.

NOTE 10 JOINT VENTURE

The City, in conjunction with other cities and counties in the thirteen (13) County Northeast Georgia area, is a member of the Georgia Mountain Regional Commission (GMRC). Membership in the GMRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the GMRC.

The GMRC Board Membership includes the chief elected official of each County and appointed mayors from municipalities in the area. Georgia law also provides that member governments are liable for any debts or obligations of the GMRC (O.C.G.A. 50-8-39-1). Separate financial statements can be provided by contacting the GMRC directly at:

Georgia Mountain Regional Commission
1310 West Ridge Road
Gainesville, Georgia 30501

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 (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all costs taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defence.

The City has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The City is not aware of any claims which the City is liable for (up to the applicable deductible) which were outstanding and unpaid at December 31, 2023. No provisions have been made in the financial statements for the year ended December 31, 2023 for any estimate of potential unpaid claims.

The City has also elected to be a member of the Georgia Municipal Association Worker's Compensation Self-Insurance Fund (GMA WCSIF), a risk management agency created under Georgia law. As a participant in the GMA WCSIF, the City has no legal obligation to pay its own worker's compensation claims. The City is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its worker's compensation claims. However, the enabling statute creating the GMA WCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves.

No amount has been recorded in the financial statements for the contingency, as management believes the likelihood for assessment is remote.

There were no significant reductions of insurance coverage compared to the prior year, Settled claims have not exceeded the commercial excess coverage in any of the past three years.

NOTE 12 RESTRICTED ASSETS

Restrictions on cash and investments in the government-wide Statement of Net Position at December 31, 2023, are as follows:

Restrictions:	Governmental Activities	Business-type Activities
Restricted cash:		
General Fund - for capital replacement	466 666	-
SPLOST Fund - for legally authorized purposes under the 2020 SPLOST referendum (see note 1B)	659 045	-
ARP Fund - for legally authorized purposes under the 2011 SPLOST referendum (see note 1B)	496 754	-
Water Fund - for customer deposits	-	59 120
Water Fund - for purposes required by revenue bond resolution	-	194 170
Sewer Fund - for purposes required by revenue bond resolution	-	507 620
Sewer Fund - for customer deposits	-	8 725
Total restricted cash	$ 1 622 465	$ 769 635
Restricted investments:		$ 6 144
Certificate of deposit - for purposes required by revenue bond resolution		

NOTE 13 COMMITMENTS AND CONTINGENCIES

Effective January 2, 2019, the City entered into an intergovernmental agreement with the City of Hiawassee, Georgia and Towns County, Georgia. Under terms of the agreement, the Economic Development Director, who is an employee of the City of Hiawassee, shall devote approximately forty (40) hours per month at the direction of the Young Harris Mayor, approximately forty (40) hours per month at the direction of the Towns County Commissioner and approximately eighty (80) hours per month at the direction of the Hiawassee Mayor. The Cities and County understand that these hours are approximate based on workflow and project deadlines, but the Director is expected to devote a minimum of twenty (20) hours per month to each of Young Harris and Towns County and a minimum of forty (40) hours per month to Hiawassee.

The City of Young Harris and Towns County are each required to pay $20,000 annually in twelve (12) monthly instalments of $1,667 to the City of Hiawassee. The agreement expires at the end of the initial twelve months, but automatically renews annually thereafter unless cancelled with a minimum 60-day notice.

The City routinely enters into various other contracts and agreements in the ordinary course of business. Such commitments are typically not material to the accompanying financial statements. Management and legal counsel are unaware of pending, threatened or unasserted legal actions against the City.

NOTE 14 REVENUE CONCENTRATION RISK

As stated in Note 1 above, the City's Water Fund and Sewer Fund used to account for revenues from user charges and the costs of supplying water and sewer services to residents and others within the City's service area. Charges to certain customers for these services are significant in comparison to total charges to all customers. As shown below, Customer A is a user of both water and sewer services. Customer B uses sewer services only. At December 31, 2023, revenue concentration percentage are as follows:

Customer	Water Revenues	Sewer Revenues
Customer A	23%	40%
Customer B	Not applicable	34%

NOTE 15 EXCESS EXPENDITURES OVER APPROPRIATIONS

During fiscal year 2023, the actual expenses for Economic development exceeded appropriated amounts with $96,650 as shown in the budgetary comparison statement for the General Fund. This was as a result of a new staff member that was appointed during the year, as well as an intergovernmental agreement that was entered into in order to promote economic development in Towns County.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF YOUNG HARRIS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 37 850	$ 37 850	$ 47 589	$ 9 739
Sales taxes	260 582	260 582	376 198	115 616
Franchise taxes	3 000	3 000	34 344	31 344
Business taxes	70 000	70 000	97 750	27 750
Licenses and permits	7 375	7 375	37 041	29 666
Intergovernmental revenue	10 687	10 687	15 267	4 580
Interest income	745	745	10 610	9 865
Miscellaneous revenue	5 025	5 025	9 210	4 185
Total revenues	395 264	395 264	628 009	232 745
Expenditures				
Current:				
General government	178 641	193 541	133 728	59 813
Public works	51 246	57 259	45 672	11 587
Culture and recreation	70 734	71 734	64 179	7 555
Economic development	20 900	21 100	117 750	(96 650)
Total expenditures	321 520	343 634	361 329	(17 695)
Excess (deficiency) of revenues over (under) expenditures	73 744	51 630	266 680	215 050
Net change in fund balance	$ 73 744	$ 51 630	266 680	$ 215 050
Fund balance at beginning of year			1 480 690	
Fund balance at end of year			$ 1 747 370	

During fiscal year 2023, the actual expenses for Economic development exceeded appropriated amounts with $96,650 as shown in the budgetary comparison statement for the General Fund. This was as a result of a new staff member that was appointed during the year, as well as an intergovernmental agreement that was entered into in order to promote economic development in Towns County.

See notes to the required supplementary information.

CITY OF YOUNG HARRIS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ARPA FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ 73 067	$ 73 067
Total revenues	-	-	73 067	73 067
Expenditures				
Current:				
Capital outlay - Public works	-	-	73 067	(73 067)
Total expenditures	-	-	73 067	(73 067)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	$ -	$ -	-	$ -
Fund balance at beginning of year			-	
Fund balance at end of year			$ -	

See notes to the required supplementary information.

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

Annual appropriated budgets are adopted for all funds, except capital project funds, which have project length budgets. The governmental fund budgets are adopted on a budgetary basis, which includes budgetary expenditures. Proprietary fund budgets are adopted on a budgetary basis, which includes inflows from the issuance of debt as financing sources and related outflows as capital expenses.

Each year, no later than 60 days prior to the beginning of each fiscal year, the Mayor submits the proposed operating budget to the City Council. All supporting documents shall be filed in the office of the City Clerk and shall be open to public inspection.

The City Council, by ordinance, shall adopt the final operating budget for the ensuing fiscal year no later than the first day of the fiscal year. The City Council may amend the operating budget proposed by the Mayor. Total appropriations from any fund shall not exceed the estimated fund balance, reserves, and revenues.

Appropriations lapse at year end.

SUPPLEMENTARY INFORMATION

CITY OF YOUNG HARRIS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2023

Project	Estimated Cost		Expenditures			Estimated % of Completion
	Original	Current	Prior years	Current	Total	
SPLOST 2020						
Roads, streets and bridges	$ 880 000	$ 880 000	$ 45 230	$ 167 523	$ 212 753	24%
Parks and recreation	200 000	200 000	2 320	-	2 320	1%
Total	$ 1 080 000	$ 1 080 000	$ 47 550	$ 167 523	$ 215 073	

Notes to the schedule:
The above schedule has been prepared using the modified accrual basis of accounting.

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

To the Honorable Mayor and Council
of the City Council
City of Young Harris, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Young Harris, Georgia's (the "City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 25, 2024. Our report includes a reference to the change in accounting principal resulting from the implementation of Governmental Accounting Standards Board Statement No. 96, Subscription based Information Technology Arrangements (SBITA's).

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in 2023-1 to be a significant deficiency.

2023-1 Segregation of duties: We noted that many of the finance functions are carried out by the City clerk which indicates a lack of segregation of duties. This gives the City Clerk the ability to control the financial records and reports.

City Response: Agreed, the risk is mitigated as the financial records are closely monitored by the Mayor and City Council during the monthly meetings.

2023-2 Records of account: Fixed asset registers are not maintained which can result a lack of overview over fixed assets. As a result, assets can be misappropriated by staff due to the lack of oversight.

City Response: Agreed, the risk is mitigated as the financial records are closely monitored by the Mayor and City Council during the monthly meetings, and the department heads are responsible for overseeing the assets allocated to their departments to prevent misappropriation by staff.

Report on Compliance and Other Matters

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

Purpose of This Report

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

CKH CPAs and Advisors, LLC

CKH CPA's and Advisors, LLC
Atlanta, Georgia
June 25, 2024

CITY OF YOUNG HARRIS, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

I. Summary of Auditors' Results

A. The auditors' report expresses an unqualified opinion on the financial statements of the City of Young Harris, Georgia.

B. Our audit of the basic financial statements disclosed significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses.

C. No instances of noncompliance material to the financial statements of the City of Young Harris, Georgia, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

CITY OF YOUNG HARRIS, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Findings Related to the Audit of the Financial Statements of the City of Young Harris, Georgia

2023-1 Segregation of duties

Criteria: The City of Young Harris's Finance Office should have adequate segregation of duties.

Condition: The City of Young Harris's Finance Office does not have adequate segregation of duties.

Cause: The Office has a limited number of staff available to properly segregate duties.

Effect: The Finance Office is accepting potential additional risk of loss due to natural disaster, misappropriation and abuse of funds

Recommendation: To improve internal control and operating efficiency, management should adopt policies and procedures to adequately segregate duties. Where segregation of duties is not efficient, management should implement additional oversight to mitigate the risk of inadequate separation of duties.

City's Response: The City of Young Harris has limited funding and cannot afford to have two clerks on duty.

2023-2 Records of account

Criteria: The City of Young Harris's Finance Office should ensure adequate maintenance over fixed asset registers.

Condition: The City of Young Harris's Finance Office does not have adequate maintenance over fixed asset registers.

Cause: The Finance Office have not updated the required asset registers.

Effect: The Finance Office is accepting potential additional risk which may result a lack of overview over fixed assets. As a result, assets can be misappropriated by staff due to the lack of oversight.

Recommendation: To improve internal control and operating efficiency, management should aim to acquire training opportunities for staff, or to prepare registers that can be used by the Finance Office to keep track fixed assets.

City's Response: The City of Young Harris will look into acquiring expertise to train the staff and to assist with setting up asset registers that can be used by the Finance Office.