CITY OF YOUNG HARRIS, GEORGIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2024

CITY OF YOUNG HARRIS, GEORGIA
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CKH
CPAs & Advisors

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, 2024, 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, 2024, 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 May 27, 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.

CKH CPAs and Advisors, LLC

CKH CPA's and Advisors, LLC
Atlanta, Georgia
May 27, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS FINANCIAL REPORT
CITY OF YOUNG HARRIS, GEORGIA
DECEMBER 31, 2024

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, 2024. 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 $4,439,631 compared to $4,219,503 in 2023 and Net Position of Business-type Activities was $2,833,465 to $2,490,767 in 2023.

- The current year's governmental activities expenses totalled $854,631 as compared to $566,873 in 2023. The City generated $1,074,759 in revenues for governmental activities compared to $1,054,235 in the previous year.

- For business-type activities, revenues were $1,160,808 compared to $1,134,611 in 2023, an increase resulting from an increase in fees. Expenses were $1,153,483 compared to $1,096,526 in 2023, which is an increase compared to the previous year's results. Of these revenues, $518,510 was generated by water department operations and $642,298 was generated by sewer department operations.

- The yearly cost for all city functions/programs was $2,008,114 compared to $1,663,399 in 2023.

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 $4,941,380 compared to $5,080,561 in 2023. The short-term portion of the long-term debt is $141,451 compared to $137,812 in 2023.

The City's combined net position is $7,273,096 compared to $6,710,270 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 $4,439,631 this year compared to $4,219,503 last year. Unrestricted net position was $1,516,688 this year, compared to $1,781,285 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 $2,833,465 this year compared to $2,490,767 last year. Unrestricted Net Position was $890,148 compared to $841,429 last year.

Total revenues for the current year were $2,535,940 compared to $2,194,564 last year. The total yearly cost of all programs and services were $2,008,114 compared to $1,663,399 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	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	$ 3 291 048	$ 3 000 978	$ 1 837 213	$ 1 677 077	$ 5 128 261	$ 4 678 055
Capital Assets	1 657 154	1 735 426	6 229 109	6 159 777	7 886 263	7 895 203
TOTAL ASSETS	$ 4 948 202	$ 4 736 404	$ 8 066 322	$ 7 836 854	$ 13 014 524	$ 12 573 258
Current Liabilities	$ 508 571	$ 516 901	$ 291 477	$ 265 526	$ 800 048	$ 782 427
Long-Term Liabilities	-	-	4 941 380	5 080 561	4 941 380	5 080 561
TOTAL LIABILITIES	$ 508 571	$ 516 901	$ 5 232 857	$ 5 346 087	$ 5 741 428	$ 5 862 988
Net investment in capital assets	$ 1 657 154	$ 1 735 426	$ 1 146 278	$ 941 404	$ 2 803 432	$ 2 676 830
Restricted	1 265 789	$ 702 792	797 039	707 934	2 062 828	1 410 726
Unrestricted	1 516 688	1 781 285	890 148	841 429	2 406 836	2 622 714
TOTAL NET POSITION	$ 4 439 631	$ 4 219 503	$ 2 833 465	$ 2 490 767	$ 7 273 096	$ 6 710 270

TABLE 2: CHANGES IN NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues:						
Charges for Services	$ 17 668	$ 37 041	$ 1 160 808	$ 1 134 611	$ 1 178 476	$ 1 171 652
Operating grants	-	-	-	-	-	-
Capital Grants/Contributions	349 556	393 030	262 948	-	612 504	393 030
General Revenues						
Property Taxes	38 358	49 667	-	-	38 358	49 667
Other Taxes	567 028	508 292	-	-	567 028	508 292
Other General	102 149	66 205	37 425	5 718	139 574	71 923
Total Revenues	$ 1 074 759	$ 1 054 235	$ 1 461 181	$ 1 140 329	$ 2 535 940	$ 2 194 564
Program Expenses:						
General Government	$ 472 577	$ 313 584	$ -	$ -	$ 472 577	$ 313 584
Public Works	151 300	65 661	-	-	151 300	65 661
Culture and Recreation	85 340	69 113	-	-	85 340	69 113
Public Safety	345	766	-	-	345	766
Economic Development	145 069	117 749	-	-	145 069	117 749
Interest on long-term debt	-	-	-	-	-	-
Water and Sewer	-	-	1 153 483	1 096 526	1 153 483	1 096 526
Total Expenses	$ 854 631	$ 566 873	$ 1 153 483	$ 1 096 526	$ 2 008 114	$ 1 663 399
Change in Net Position	220 128	487 362	307 698	43 803	527 826	531 165
NET POSITION, BEGINNING	4 219 503	3 732 141	2 490 767	2 446 964	6 710 270	6 179 105
NET POSITION, ENDING	$ 4 439 631	$ 4 219 503	$ 2 798 465	$ 2 490 767	$ 7 238 096	$ 6 710 270

Table 3: GOVERNMENTAL ACTIVITIES

	Total Cost of Services		Net Cost (Revenue) of services	
	2024	2023	2024	2023
General Government	$ 472 577	$ 313 584	$ (454 909)	$ (276 543)
Public Works	151 300	65 661	198 256	327 369
Culture & Recreation	85 340	69 113	(85 340)	(69 113)
Public Safety	345	766	(345)	(766)
Economic Development	145 069	117 749	(145 069)	(117 749)
TOTALS	$ 854 631	$ 566 873	$ (487 407)	$ (136 802)

GOVERNMENTAL FUNDS

This year the governmental fund revenues were $1,062,222 compared to $1,018,606 last year. This year's governmental fund expenditures were $776,357 compared $601,919 last year, resulting from increased economic development costs. As described in Note 13 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 $2,737,111 as compared to $2,450,162 last year.

BUSINESS-TYPE ACTIVITIES

This year's Business-type activities operating revenues were $1,163,474 compared to $1,134,611 last year. This year's operating expenses were $1,033,237 compared to $969,382 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: 2024 BUDGET

	ORIGINAL	AMENDED	O/A VARIANCE*	2024 ACTUAL EXPENSES
General Fund	$ 498 432	$ 534 735	$ 36 303	$ 521 640
SPLOST Fund	100 000	255 000	155 000	254 717
American Rescue Plan Fund	50 000	-	(50 000)	-
Water Fund	440 554	531 296	90 742	454 328
Sewer Fund	576 224	634 990	58 766	578 909
Total	$ 1 665 210	$ 1 956 021	$ 290 811	$ 1 809 594

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

As a whole, the City operated under budget by $146,427 in expenditures. The General Fund revenues were $209,301 over actual expenditures, due to more sales taxes received. The Water Fund revenues were $66,301 over actual expenses, results of increased fees and lower engineering expenses. The Sewer Fund revenues were $63,936 over expenses due to decrease in maintenance cost.

CITY FUNDS

At year end, the City reported cash balances of $4,860,970 compared to $4,463,756 last year. Included in cash balances are accounts restricted for debt service in the amount of $797,039 compared to $707,934 last year.

CAPITAL ASSETS

At the close of the year, the City had invested $13,604,399 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 $5,718,136 the end of year total was $7,886,263 (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 $5,082,831 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	$ 5 218 373	$ -	$ (135 542)	$ 5 082 831	$ 141 451

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

CITY OF YOUNG HARRIS, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and cash investments	$ 1 426 693	$ 866 042	$ 2 292 735
Restricted cash	1 702 901	859 190	2 562 091
Restricted certificate of deposit	-	6 144	6 144
Taxes receivable	39 169	-	39 169
Accounts receivable	-	88 871	88 871
Intergovernmental receivable	87 060	-	87 060
Prepaid expenses	7 511	6 971	14 482
Due from other funds	27 714	9 995	37 709
Noncurrent assets:			
Capital assets:			
Capital assets, not being depreciated	310 339	24 019	334 358
Capital assets, being depreciated, net of accumulated depreciation	1 346 815	6 205 090	7 551 905
Intangible assets, net of accumulated amortization	-	-	-
Total assets	4 948 202	8 066 322	13 014 524
Liabilities:			
Current liabilities:			
Accounts payable	16 897	38 473	55 370
Accrued interest payable	-	7 040	7 040
Customer deposits	-	68 295	68 295
Due to other funds	1 491	36 218	37 709
Unearned revenue	490 183	-	490 183
Noncurrent liabilities, due within one year:			
Revenue bonds	-	141 451	141 451
Noncurrent liabilities, due after one year:			
Revenue bonds	-	4 941 380	4 941 380
Total liabilities	508 571	5 232 857	5 741 428
Total liabilities	508 571	5 232 857	5 741 428
Net Position			
Net investment in capital assets	1 657 154	1 146 278	2 803 432
Restricted for:			
Debt service	-	797 039	797 039
Capital projects	1 265 789	-	1 265 789
Unrestricted	1 516 688	890 148	2 406 836
Total net position	$ 4 439 631	$ 2 833 465	$ 7 273 096

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, 2024

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	$ 472 577	$ 17 668	$ -	$ -	$ (454 909)	$ -	$ (454 909)
Public safety	345	-	-	-	(345)	-	(345)
Public works	151 300	-	-	376 343	225 043	-	225 043
Culture and recreation	85 340	-	-	-	(85 340)	-	(85 340)
Economic development	145 069	-	-	-	(145 069)	-	(145 069)
Total governmental activities	854 631	17 668	-	376 343	(460 620)	-	(460 620)
Business-type activities:							
Water	497 663	518 510	-	262 948	-	283 795	283 795
Sewer	655 820	642 298	-	-	-	(13 522)	(13 522)
Total business-type activities	1 153 483	1 160 808	-	262 948	-	270 273	270 273
Total government	$ 2 008 114	$ 1 178 476	$ -	$ 639 291	$ (460 620)	$ 270 273	$ (190 347)
	General revenues:						
	Taxes:						
	Property taxes				$ 38 358	$ -	$ 38 358
	Sales taxes				394 376	-	394 376
	Business taxes				105 139	-	105 139
	Franchise and miscellaneous taxes				67 513	-	67 513
	Unrestricted investment earnings				64 427	31 178	95 605
	Miscellaneous				9 851	2 666	12 517
	Gain (loss) on disposal of capital asset				1 084	3 581	4 665
	Total general revenues and transfers				680 748	37 425	718 173
	Change in net position				220 128	307 698	527 826
	Net position, as at December 31, 2023, before restatement				4 219 503	2 490 767	6 710 270
	Error corrections (Note 15)				-	35 000	35 000
	Net position, as at December 31, 2023, restated				4 219 503	2 525 767	6 745 270
	Net position, end of year				$ 4 439 631	$ 2 833 465	$ 7 273 096

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

CITY OF YOUNG HARRIS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund	SPLOST Fund	American Rescue Plan Fund	Total Governmental Funds
ASSETS:				
Cash and cash investments	$ 1 426 693	$ -	$ -	$ 1 426 693
Restricted cash	486 433	724 793	491 675	1 702 901
Taxes receivable	39 169	-	-	39 169
Due from other funds	27 714	-	-	27 714
Intergovernmental receivable	32 497	54 563	-	87 060
Prepaid expenses	7 511	-	-	7 511
Total assets	2 020 017	779 356	491 675	3 291 048
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities				
Accounts payable	16 897	-	-	16 897
Due to other funds	-	-	1 491	1 491
Unearned revenue	-	-	490 184	490 184
Total liabilities	16 897	-	491 675	508 572
Deferred inflows of resources				
Deferred property taxes	45 365	-	-	45 365
Total liabilities and deferred inflows	62 262	-	491 675	553 937
Fund balances:				
Nonspendable:				
Prepaid items	7 511	-	-	7 511
Restricted for:				
Capital projects funds	486 433	779 356	-	1 265 789
Unassigned	1 463 811	-	-	1 463 811
Total fund balances	1 957 755	779 356	-	2 737 111
Total liabilities, deferred inflows of resources and fund balances	$ 2 020 017	$ 779 356	$ 491 675	$ 3 291 048

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, 2024

Total fund balances - Governmental Funds		$ 2 737 111
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	2 853 410	
Less accumulated depreciation	(1 196 256)	1 657 154
Deferred inflows for property taxes deferred in the governmental funds because they will not be received within sixty days of the City's year end:		45 365
Net position of governmental activities		$ 4 439 631

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, 2024

	General Fund	SPLOST Fund	American Rescue Plan Fund	Total Governmental Funds
REVENUES:				
Property taxes	$ 26 905	$ -	$ -	$ 26 905
Sales taxes	394 376	-	-	394 376
Franchise taxes	67 513	-	-	67 513
Business taxes	105 139	-	-	105 139
Licenses and permits	17 668	-	-	17 668
Intergovernmental revenue	45 062	304 494	-	349 556
Interest income	64 427	26 787	-	91 214
Miscellaneous revenue	9 851	-	-	9 851
Total revenues	730 941	331 281	-	1 062 222
EXPENDITURES:				
Current:				
General government	151 583	-	-	151 583
Public works	90 553	-	-	90 553
Culture and recreation	84 523	-	-	84 523
Economic development	145 068	-	-	145 068
Capital outlay - Public works	49 913	254 717	-	304 630
Total expenditures	521 640	254 717	-	776 357
Excess (deficiency) of revenues over expenditures	209 301	76 564	-	285 865
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1 084	-	-	1 084
Transfers out	-	-	-	-
Total other financing sources (uses)	1 084	-	-	1 084
NET CHANGE IN FUND BALANCES	210 385	76 564	-	286 949
FUND BALANCES - BEGINNING	1 747 370	702 792	-	2 450 162
FUND BALANCES - ENDING	$ 1 957 755	$ 779 356	$ -	$ 2 737 111

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, 2024

Net change in Fund Balances - Total Governmental Funds		$ 286 949
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, 2024	45 365	
Deferred property taxes - December 31, 2023	(33 912)	11 453
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.		31 120
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.		(109 392)
Change in net position of governmental activities		$ 220 128

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, 2024

	Enterprise Funds		Totals
	Water Fund	Sewer Fund	
ASSETS:			
Cash and cash investments	$ 381 376	$ 484 666	$ 866 042
Restricted cash	261 303	597 887	859 190
Restricted certificate of deposit	6 144	-	6 144
Accounts receivable	47 700	41 171	88 871
Due from other funds	-	9 995	9 995
Prepaid expenses	4 460	2 511	6 971
Total current assets	700 983	1 136 230	1 837 213
Noncurrent assets:			
Capital assets:			
Capital assets, not being depreciated	19 276	4 743	24 019
Capital assets, being depreciated, net of accumulated depreciation	1 369 748	4 835 342	6 205 090
Intangible assets, net of accumulated amortization	-	-	-
Total capital assets, net of accumulated depreciation	1 389 024	4 840 085	6 229 109
Total assets	$ 2 090 007	$ 5 976 315	$ 8 066 322
LIABILITIES:			
Current liabilities:			
Accounts payable	$ 6 800	$ 31 673	$ 38 473
Accrued interest payable	1 366	5 674	7 040
Due to other funds	13 285	22 933	36 218
Customer deposits	59 870	8 425	68 295
Noncurrent liabilities, due within one year			
Revenue bonds	46 880	94 571	141 451
Total current liabilities	128 201	163 276	291 477
Noncurrent liabilities, due after more than one year:			
Revenue bonds	967 834	3 973 546	4 941 380
Total noncurrent liabilities	967 834	3 973 546	4 941 380
Total liabilities	1 096 035	4 136 822	5 232 857
NET POSITION:			
Net investment in capital assets	374 310	771 968	1 146 278
Restricted for debt service	207 577	589 462	797 039
Unrestricted	412 085	478 063	890 148
Total net position	$ 993 972	$ 1 839 493	$ 2 833 465

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, 2024

	Enterprise Funds		
	Water Fund	**Sewer Fund**	**Totals**
REVENUES:			
Charges for services - water	$ 501 245	$ -	$ 501 245
Charges for services - sewer	-	523 866	523 866
Charges for services - Leachate	-	117 016	117 016
Connection fees	9 975	-	9 975
Service charges	7 290	1 416	8 706
Miscellaneous revenues	2 119	547	2 666
Total operating revenues	520 629	642 845	1 163 474
EXPENDITURES:			
Water & Sewer:			
Personnel services	155 525	60 344	215 869
Purchased/contracted services	67 845	33 710	101 555
Supplies	70 259	22 317	92 576
Depreciation	84 382	193 967	278 349
Management services	-	122 760	122 760
Repairs and maintenance	9 919	66 685	76 604
Utilities	37 466	29 340	66 806
Professional services	28 013	49 786	77 799
Bad debts	919	-	919
Total operating expenses	454 328	578 909	1 033 237
Income (loss) from operations	66 301	63 936	130 237
OTHER FINANCING SOURCES:			
Gain (loss) on disposal of assets	3 039	542	3 581
Contributions	262 948	-	262 948
Interest expense	(43 336)	(76 910)	(120 246)
Interest income	2 308	28 870	31 178
Total non-operating expenses	224 959	(47 498)	177 461
CHANGE IN NET POSITION	291 260	16 438	307 698
NET POSITION, AS AT DECEMBER 31, 2023, BEFORE RESTATEMENT	673 712	1 817 055	2 490 767
Error correction (Note 15)	29 000	6 000	35 000
NET POSITION, AS AT DECEMBER 31, 2023, RESTATED	702 712	1 823 055	2 525 767
NET POSITION, END OF YEAR	$ 993 972	$ 1 839 493	$ 2 833 465

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, 2024

	Enterprise Funds		Totals
	Water Fund	Sewer Fund	
Cash flows from operating activities:			
Cash received from customers	$ 514 760	$ 636 709	$ 1 151 469
Cash payments to suppliers for goods and services	(208 320)	(354 565)	(562 885)
Cash payments to employees for services	(155 525)	(60 344)	(215 869)
Net cash provided by operating activities	150 915	221 800	372 715
Cash flows from noncapital financing activities:			
Contributions received	262 948	-	262 948
Net cash provided by noncapital and related financing activities	262 948	-	262 948
Cash flows used by capital and related financing activities:			
Purchase of capital assets	(328 448)	(26 960)	(355 408)
Interest and fiscal charges paid	(43 336)	(76 910)	(120 246)
Principal payments on debt	(42 722)	(92 820)	(135 542)
Proceeds from disposal of capital assets	5 367	541	5 908
Net cash used by capital and related financing activities	(409 139)	(196 149)	(605 288)
Cash flows from investing activities:			
Interest on cash and investments	2 308	28 870	31 178
Net cash provided by noncapital and related financing activities	2 308	28 870	31 178
Net increase (decrease) in cash and cash investments	7 032	54 521	61 553
Cash and cash investments, January 1, 2024	641 791	1 028 032	1 669 823
Cash and cash investments, December 31, 2024	$ 648 823	$ 1 082 553	$ 1 731 376
Reconciliation of operating loss to net cash provided by operating activities:			
Income (loss) from operations	$ 66 301	$ 63 936	$ 66 301
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation and amortization	84 382	193 967	84 382
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(4 950)	(6 136)	(4 950)
(Increase) decrease in prepaid items	7 868	5 096	7 868
Increase (decrease) in accounts payable	(1 265)	(12 394)	(1 265)
Increase (decrease) in accrued liabilities	(386)	(311)	(386)
Increase (decrease) in customer deposits payable	750	(300)	750
Increase (decrease) in interfund payables	(1 785)	(22 058)	(1 785)
Net cash provided (used) by operating activities	$ 150 915	$ 221 800	$ 150 915
Reconciliation of total cash and cash investments:			
Current assets - cash	$ 381 376	$ 484 666	$ 866 042
Current assets - time deposits	267 447	597 887	865 334
Total cash and cash investments	$ 648 823	$ 1 082 553	$ 1 731 376

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus/Basis of Accounting (Continued)

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.

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. Inventories

Expendable supplies are recorded as expenditures at the time items are purchased. The City does not record inventories of supplies on the books. Any inventory of supplies at December 31, 2024 is considered immaterial.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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".

K. 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.

L. 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 $5,000 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.

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
Infrastructure	20
Buildings and improvements	10 - 20
Vehicles, machinery and equipment	5 - 20
Water and sewer infrastructure	40

M. 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.

N. 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.

O. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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.

Q. 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.

R. 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.

S. 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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. 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.

U. Contributions

Contributions in the proprietary fund financial statements arise from contributions of resources restricted to capital acquisition and construction from the capital project fund.

V. New GASB pronouncements

GASB Standards Issued (June 2022 - September 2024)

1. GASB Statement No. 100 – Accounting Changes and Error Corrections

Issued: June 2022
Summary: GASB 100 establishes guidance on accounting for and reporting changes in accounting principles, accounting estimates, and error corrections. It replaces the guidance previously included in GASB 62 and introduces improvements to enhance clarity, consistency, and transparency in financial reporting.
Effective Date: Periods beginning after June 15, 2023.

2. GASB Statement No. 101 – Compensated Absences

Issued: October 2022
Summary: GASB 101 establishes updated guidance on recognizing and measuring compensated absences, which include paid leave benefits like vacation, sick leave, and sabbaticals. This statement replaces the previous standards under GASB 16 and aims to improve the clarity, consistency, and usefulness of information provided in financial statements.
Effective Date: Periods beginning after December 15, 2023 (earlier application encouraged).

3. GASB Statement No. 102 – Certain Risk Disclosures

Issued: December 2023
Summary: GASB 102 focuses on improving transparency regarding risks arising from concentrations or constraints that could substantially impact a government's financial health or its ability to provide services. These disclosures aim to inform stakeholders about specific vulnerabilities faced by governments, which may not have been routinely disclosed previously.
Effective Date: Periods beginning after June 15, 2024 (earlier application encouraged).

4. GASB Statement No. 103 – Financial Reporting Model Improvements

Issued: April 2024
Summary: GASB Statement No. 103 introduces significant updates to the financial reporting model for state and local governments. Its primary goal is to enhance the usefulness of financial reports by addressing identified application issues and refining the structure and content of key components such as Management's Discussion and Analysis (MD&A) and certain financial statement presentations.
Effective Date: Periods beginning after June 15, 2025 (earlier application encouraged).

5. GASB Statement No. 104 – Disclosure of Certain Capital Assets

Issued: September 2024
Summary: GASB Statement No. 104 introduces new disclosure requirements for specific categories of capital assets in governmental financial statements, aiming to enhance transparency and facilitate better decision-making.
Effective Date: Periods beginning after June 15, 2025 (earlier application encouraged).

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.

Excess of Expenditures over Appropriations

During the financial year, actual expenditures remained within the approved budgeted amounts, with no instances of overspending.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

Compliance with Bonds Payable
As of December 31, 2024, 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

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's 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, 2024:

Category	**2024**
Category 1	$ 2 568 235
Category 2	2 292 735
Total	$ 4 860 970

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. The City's interest rates on its various bank accounts range from 0.0% to 3.24%.

Investments

Investments as at December 31, 2024, consist of certificates of deposit with the FDIC insured financial institutions. 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, 2024 for the City's individual major funds are as follows.

Receivables:	General Fund	SPLOST Fund	Water Fund	Sewer Fund	Total
Property taxes	$ 39 169	$ -	$ -	$ -	$ 39 169
Intergovernmental receivables	32 497	54 563	-	-	87 060
Accounts receivable	-	-	47 700	41 171	88 871
Gross receivables	71 666	54 563	47 700	41 171	215 100
Less: Allowance for doubtful accounts	-	-	-	-	-
Net total receivables	$ 71 666	$ 54 563	$ 47 700	$ 41 171	$ 215 100

Property taxes are levied as of January 22, 2025 and are considered due upon receipt by the taxpayer; however, the actual due date is March 22, 2025. 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 March 23, 2025.

The property taxes levied in January 2025 were intended for use in the 2025 budget year.

NOTE 5 CAPITAL ASSETS

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

	Balance January, 1	Additions	Deletions	Balance December, 31
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 163 261	$ -	$ -	$ 163 261
Construction in progress	147 078	-	-	147 078
Total capital assets, not being depreciated	310 339	-	-	310 339
Capital assets, being depreciated				
Land improvements	303 395	-	(2 135)	301 260
Infrastructure	1 276 738	-	-	1 276 738
Buildings and improvements	760 559	-	-	760 559
Machinery and equipment	173 540	6 720	(73 527)	106 733
Vehicles	73 381	24 400	-	97 781
Total capital assets, being depreciated	2 587 613	31 120	(75 662)	2 543 071
Less accumulated depreciation for:				
Land improvements	256 478	6 834	(2 135)	261 177
Infrastructure	347 853	63 837	-	411 690
Buildings and improvements	331 491	28 285	-	359 776
Machinery and equipment	153 907	4 972	(73 527)	85 352
Vehicles	72 797	5 464	-	78 261
Total accumulated depreciation	1 162 526	109 392	(75 662)	1 196 256
Total capital assets, being depreciated, net	1 425 087	(78 272)	-	1 346 815
Governmental activities capital assets, net	$ 1 735 426	$ (78 272)	$ -	$ 1 657 154

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

	Balance January, 1	Additions	Deletions	Balance December, 31
Business-type Activities:				
Capital assets, not being depreciated				
Land	$ -	$ -	$ -	$ -
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	29 000	(6 432)	2 787 558
Sewer infrastructure	8 449 018	6 000	(1 136 672)	7 318 346
Buildings	8 972	-	-	8 972
Machinery and equipment	590 243	278 408	(333 656)	534 995
Vehicles	40 499	36 600	-	77 099
Total capital assets, being depreciated	11 853 722	350 008	(1 476 760)	10 726 970
Less accumulated depreciation for:				
Water infrastructure	1 660 904	69 281	(6 432)	1 723 753
Sewer infrastructure	3 466 041	185 660	(1 136 672)	2 515 029
Buildings	6 648	319	-	6 967
Machinery and equipment	543 872	15 769	(331 329)	228 312
Vehicles	40 499	7 320	-	47 819
Total accumulated depreciation	5 717 964	278 349	(1 474 433)	4 521 880
Total capital assets, being depreciated, net	6 135 758	71 659	(2 327)	6 205 090
Business-type activities capital assets, net	$ 6 159 777	$ 71 659	$ (2 327)	$ 6 229 109

During the year, a significant portion of infrastructure assets was written off. This write-off relates to assets that have been replaced or rendered obsolete as part of ongoing infrastructure renewal and capacity expansion efforts over several years. The adjustment involved removing both the original cost and the corresponding accumulated depreciation from the capital asset records.

The write-off has no impact on the current year's surplus or deficit, as the net book value of the assets was minimal at the time of derecognition. This is considered a routine part of asset lifecycle management, and no impairment or loss is recognized.

Intangible assets:				
Mapping, studies and plans	$ 46 225	$ -	$ -	$ 46 225
Less: Accumulated amortization	46 225	-	-	46 225
Net intangible assets	$ -	$ -	$ -	$ -

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

Governmental activities:	
General government	$ 23 083
Public safety	345
Public works	72 947
Culture and recreation	13 017
Total depreciation expense - Governmental activities	$ 109 392

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

Business-type activities:	
Water	$ 84 382
Sewer	193 967
Total depreciation expense - Business-type activities	$ 278 349

NOTE 6 LONG-TERM DEBT

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

	Balance January 1	Issues or Additions	Payments or Expenditures	Balance December 31	Due In One Year
Business-Type Activities:					
Revenue bonds - Water	$ 1 057 436	$ -	$ (42 722)	$ 1 014 714	$ 44 750
Revenue bonds - Sewer	4 160 937	-	(92 820)	4 068 117	96 701
Total for business-type activities	5 218 373	-	(135 542)	5 082 831	141 451

Business-Type Activities

Revenue Bonds - The revenue bonds outstanding as at December 31, 2024, 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.	$ 293 517
Less current portion	(21 821)
	$ 271 696
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.	$ 721 197
Less current portion	(22 929)
	$ 698 268
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.	$ 4 068 117
Less current portion	(96 701)
	$ 3 971 416

Annual debt service requirements to this capital lease payable as of December 31, 2024 follow:

Year	Principal	Interest	Total
2025	$ 141 451	$ 116 598	$ 258 049
2026	144 734	1 126 666	1 271 400
2027	148 805	108 595	257 400
2028	151 215	105 930	257 145
2029	155 867	101 303	257 170
2034-2033	850 314	435 223	1 285 537
2035-2039	771 912	325 189	1 097 101
2040-2044	867 014	229 970	1 096 984
2045-2049	762 619	136 093	898 712
2050-2054	784 311	64 760	849 071
2055-2056	304 589	4 807	309 396
Total	$ 5 082 831	$ 2 755 134	$ 7 837 965

NOTE 7 INTERFUND BALANCES AND TRANSFERS

Interfund receivables, payables and transfers for the year ended December 31, 2024 were as follows:

	Payable Fund				
	General Fund	SPLOST Fund	American Rescue Plan Fund	Water Fund	Sewer Fund
Receivable Fund					
General Fund	$ -	$ -	$ 1 491	$ 3 290	$ 22 933
Sewer Fund	-	-	-	13 172	-
Totals	$ -	$ -	$ 1 491	$ 16 462	$ 22 933

NOTE 7 INTERFUND BALANCES AND TRANSFERS (CONTINUED)

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. For the year ended December 31, 2024, there were no transfers between funds.

NOTE 8 FUND BALANCES AND NET POSITION

Fund Balances - Governmental Funds

The following is a summary of the fund balances for the governmental funds at December 31, 2024:

Nonspendable:	
Prepaid items - This is prepaid insurance in the General Fund	$ 7 511
Restricted for construction of capital assets - This is restricted as follows:	
General Fund - Restricted for capital replacement	486 433
SPLOST Fund - Restricted by state law	779 356
Unassigned:	
This is the amount assigned in the General Fund	1 463 811
Total fund balance	$ 2 737 111

Net Position - Government-wide Net Position

The following is a summary of the fund balances for the government-wide net position at December 31, 2024:

	Governmental Activities	Business-Type Activities
Net investment in capital assets	$ 1 657 154	$ 1 146 278
Restricted for construction of capital assets - This is restricted as follows:		
General Fund - Restricted for capital replacement	486 433	-
SPLOST Fund - Restricted by state law	779 356	-
Restricted for debt service - This is restricted as follows:		
Water Fund - Restricted for revenue bonds	-	207 577
Sewer Fund - Restricted for revenue bonds	-	589 462
Unassigned:		
This is the amount assigned in the respective funds	1 516 688	890 148
Total fund balance	$ 4 439 631	$ 2 833 465

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, 2024 were $8,610 and $1,688 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, 2024. No provisions have been made in the financial statements for the year ended December 31, 2024 for any estimate of potential unpaid claims.

The City has 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, 2024, are as follows:

Restrictions:	Governmental Activities	Business-type Activities
Restricted cash:		
General Fund - for capital replacement	$ 486 433	$ -
SPLOST Fund - for legally authorized purposes under the 2020 SPLOST referendum (see note 1B)	724 793	-
American Rescue Plan Fund - for legally authorized purposes	491 675	-
Water Fund - for customer deposits	-	59 870
Water Fund - for purposes required by revenue bond resolution	-	201 433
Sewer Fund - for purposes required by revenue bond resolution	-	589 462
Sewer Fund - for customer deposits	-	8 425
Total restricted cash	$ 1 702 901	$ 859 190
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 five (5) instalments of $5,000 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, 2024, revenue concentration percentage are as follows:

Customer	Water Revenues	Sewer Revenues
Customer A	24%	28%
Customer B	Not applicable	48%

NOTE 15 ERROR CORRECTION

During the current year, management identified an error in the prior year’s financial statements related to the accounting treatment of certain expenditures. Specifically, certain costs that met the criteria for capitalization as capital assets were incorrectly expensed in the fiscal year ended December 31, 2023.

The effect of the correction is an increase in capital assets and an increase in beginning net position as of January 1, 2024.

The impact of the change within the financial reporting entity and the error correction is as follows:

	December 31, 2023 As previously reported	Error Correction	December 31, 2023 As restated
Proprietary Funds			
Water Fund	$ 673 712	$ 29 000	$ 702 712
Sewer Fund	1 817 055.00	6 000	1 823 055
Total Primary Government	$ 2 490 767	$ 35 000	$ 2 525 767

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF YOUNG HARRIS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 40 447	$ 33 540	$ 26 905	$ (6 635)
Sales taxes	320 800	384 925	394 376	9 451
Franchise taxes	59 200	66 000	67 513	1 513
Business taxes	98 575	107 315	105 139	(2 176)
Licenses and permits	9 880	14 680	17 668	2 988
Intergovernmental revenue	14 214	45 062	45 062	-
Interest income	9 745	64 425	64 427	2
Miscellaneous revenue	11 800	11 873	9 851	(2 022)
Total revenues	564 661	727 820	730 941	3 121
Expenditures				
Current:				
General government	202 169	163 820	151 582	12 238
Public works	56 138	90 602	90 553	49
Culture and recreation	71 364	85 214	84 523	691
Economic development	137 625	145 099	145 069	30
Capital outlay - Public works	25 000	50 000	49 913	87
Debt service:				
Principal repayments	4 981	-	-	-
Interest and fiscal charges	1 155	-	-	-
Total expenditures	498 432	534 735	521 640	13 095
Excess (deficiency) of revenues over (under) expenditures	66 229	193 085	209 301	16 216
Other Financing (Uses)				
Proceeds from sale of capital assets	-	1 084	1 084	-
Transfer out	-	-	-	-
Total other financing (uses)	-	1 084	1 084	-
Net change in fund balance	$ 66 229	$ 194 169	210 385	$ 16 216
Fund balance at beginning of year			1 747 370	
Fund balance at end of year			$ 1 957 755	

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, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ -	$ 73 070	$ -	$ (73 070)
Total revenues	-	73 070	-	(73 070)
Expenditures				
Current:				
Capital outlay - Public works	50 000	-	-	-
Total expenditures	50 000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(50 000)	73 070	-	(73 070)
Net change in fund balance	$ (50 000)	$ 73 070	-	$ (73 070)
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, 2024

Project	Estimated Cost		Expenditures			Estimated % of Completion
	Original	Current	Prior years	Current	Total	
SPLOST 2020						
Roads, streets and bridges	$ 880 000	$ 880 000	$ 299 947	$ 254 717	$ 554 664	63%
Parks and recreation	200 000	200 000	2 320	-	2 320	1%
Total	$ 1 080 000	$ 1 080 000	$ 302 267	$ 254 717	$ 556 984	

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

CKH
CPAs & Advisors

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

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, 2024, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated May 27, 2025.

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.

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 2024-1 to be a significant deficiency.

2024-1 Reconciliation of account balances (repeat comment): Various audit adjustments were required to account for the year end accrual adjustments, including depreciation and recognizing additions to fixed assets, accounts payable balances, prepayments, and accounts receivable balances.

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
May 27, 2025

2024-1 Reconciliation of account balances (repeat comment)

Criteria: All accounts should be reviewed and reconciled to supporting documents or schedules at year end.

Condition: Limited schedules or reconciliations were prepared during the year to support the closing balances presented in the financial statements.

Cause: Lack of resources to prepare and review the schedules required.

Effect: Information in the accounting software is inaccurate and various audit adjustments were required to correctly account for the closing balances presented on the financial statements.

Recommendation: We recommend that the City implements certain processes and procedures to ensure that balances are regularly reviewed, and where possible, prepare schedules to be updated accordingly.

City's Response: The City cannot appoint more finance staff to assisting in the accounting functions. Finance reports will be reviewed by the City Council meeting where required.

CITY OF YOUNG HARRIS, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

The following audit finding was disclosed for the year ended December 31, 2023:

2023-01 Segregation of duties

Criteria: It is required that there is sufficient segregation of duties over the various financial reporting functions to ensure the appropriate use of funds and control over assets.

Condition: During the current year audit, we noted that management has taken corrective action to address this issue. Additional personnel have been assigned and procedures have been revised to ensure that adequate segregation of duties is in place. Based on our testing, the control weakness identified in the prior year has been resolved.

Status: Resolved

2023-2 Reconciliation of account balances (repeat comment)

Criteria: All accounts should be reviewed and reconciled to supporting documents or schedules at year end.

Condition: Limited schedules or reconciliations were prepared during the year to support the closing balances presented in the financial statements.

Cause: Lack of resources to prepare and review the schedules required.

Status: Unresolved - refer to 2024-1