
CITY OF CORNELIA, GEORGIA

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2023

**CITY OF CORNELIA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023**

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Independent Auditor's Report

Honorable Mayor, Members of the
City Commission and City Manager
Of the City of Cornelia, Georgia

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cornelia, Georgia (the "City") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cornelia, Georgia, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 Management's Discussion and Analysis, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, the Schedule of City Contributions, and the notes to the required supplementary information, 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 combining and individual fund financial statements and schedules, the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds (as required by the Official Code of Georgia Annotated 48-8-21), and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Auditor Requirements for Federal Awards*, 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 combining and individual fund financial statements and schedules, the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended December 31, 2022, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual fund financial statements and schedules related to the 2022 financial statements 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 related directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information was subjected to the audit procedures applied in the audit of those 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 2022 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024 on our consideration of the City of Cornelia, Georgia'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.

Mixon, Mixon, Brown & Tench, CPAs

Mixon, Mixon, Brown & Tench, CPAs
Cornelia, Georgia
June 28, 2024



CITY OF CORNELIA, GEORGIA
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Cornelia, Georgia, our discussion and analysis of the financial performance provides an overview of the city's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to present the city's financial performance as a whole. This information should be read and considered in conjunction with the financial statements which follow.

FINANCIAL HIGHLIGHTS

Key financial highlights for the Fiscal Year 2023 are as follows:

- ❖ The City of Cornelia's combined net position totaled **\$61,157,280**. Of this amount, unrestricted net position of **\$4,449,565** may be used to meet the city's ongoing obligations to citizens and creditors.
- ❖ Total net position increased by **\$2,313,801** during the most recent fiscal year.
- ❖ At the close of Fiscal Year 2023, the City's governmental funds reported combined ending fund balances of **\$4,282,573**. Of this amount **\$2,681,020** or 63% is available for spending at the government's discretion (unassigned fund balance). The balance of **\$1,601,553** or 37% is available for spending according to the guidelines of the source of the funds.
- ❖ At the close of the fiscal year, the City's business-type activities exceeded its liabilities by **\$50,969,915**. Of this amount, **\$2,693,266**, or 5% is unrestricted and available to meet the city's ongoing obligations to its customers and creditors.
- ❖ New proprietary funds were established during 2023 for Sanitation and the Community House.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the City of Cornelia's basic financial statements. The city's basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A should be read and considered with the basic audited financial statements and supplementary information.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide the readers with an overview of the city's finances in a manner similar to commercial enterprises (private-sector business).

The statement of net position presents information on all of the city's assets and liabilities, with the difference between the two being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The statement of activities presents information showing how the city's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change

occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the city include general government, judicial, public safety, public works, and culture and recreation. The business-type activities of the city include water and sewer, stormwater utilities sanitation and the community house.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Cornelia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the city's funds can be divided into governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Cornelia maintains three individual major governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Municipal Complex Fund and the 2021 SPLOST VII Fund, which are major funds. The Urban Redevelopment Agency is a blended component unit of the City.

The City of Cornelia adopts an annual appropriated budget for its general fund. A budgetary comparison statement for this fund is provided to demonstrate compliance with this budget.

Proprietary Funds. The City of Cornelia maintains one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for its water and sewer system operations, stormwater operations, sanitation operations, and Community House operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements provide separate information on the Water and Sewer Fund, the Stormwater Fund and the Cornelia Water and Sewer Authority. The Water and Sewer Fund and Stormwater Fund are major proprietary funds of the city and the Cornelia Water and Sewer Authority is a blended

component unit of the city.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide information about the city's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparisons and pension information. The supplementary information includes the special purpose sales tax schedule.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the fiscal year ended December 31, 2023 have been prepared according to the Governmental Accounting Standards Board (G.A.S.B.) Statement 34.

As noted earlier, net position serves as a useful indicator of a government's financial condition. In the case of the City of Cornelia, total assets exceeded total liabilities by **\$61,157,280** at the close of the most recent fiscal year.

The largest portion of the city's net position **\$49,487,603** or 81% reflects its investment in capital assets such as land, buildings, equipment and infrastructure (utility lines, water lines, sewer lines, streets) less any related debt used to acquire those assets that are still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The restricted portion of the net position is **\$7,220,112** or 12%. Unrestricted net position, which may be used to meet the city's ongoing obligations to its citizens and creditors, is **\$4,449,565** or 7%.

City of Cornelia, Georgia Net Position

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets:						
Current and other assets	\$ 7,648,875	\$ 7,480,545	\$ 9,578,545	\$ 8,563,551	\$ 17,227,420	\$ 16,044,096
Capital assets	18,963,044	20,081,166	66,488,370	64,921,939	85,451,414	85,003,105
Total Assets	26,611,919	27,561,711	76,066,915	73,485,490	102,678,834	101,047,201
Deferred Outflows:						
Pension	459,265	379,210	478,010	323,031	937,275	702,241
Total Assets and and Deferred Outflows	27,071,184	27,940,921	76,544,925	73,808,521	103,616,109	101,749,442
Liabilities:						
Long-term liabilities	12,671,862	12,801,749	23,975,596	24,332,462	36,647,458	37,134,211
Other liabilities	4,208,567	3,697,954	1,595,887	1,444,484	5,804,454	5,142,438
Total Liabilities:	16,880,429	16,499,703	25,571,483	25,776,946	42,451,912	42,276,649
Deferred Inflows:						
Pension	3,389	339,829	3,527	289,484	6,916	629,313
Total Liabilities and and Deferred Inflows	16,883,818	16,839,532	25,575,010	26,066,430	42,458,828	42,905,962
Net Position:						
Invested in capital assets	6,829,513	7,431,795	42,658,090	40,121,917	49,487,603	47,553,712
Restricted	1,601,553	1,579,049	5,618,559	5,790,841	7,220,112	7,369,890
Unrestricted	1,756,299	2,090,545	2,693,266	1,829,333	4,449,565	3,919,878
Total Net Position	\$ 10,187,365	\$ 11,101,389	\$ 50,969,915	\$ 47,742,091	\$ 61,157,280	\$ 58,843,480

City of Cornelia, Georgia
Statement of Activities

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
<i>Program Revenues:</i>						
Charges for Services	\$ 612,513	\$ 977,823	\$ 11,616,419	\$ 11,367,265	\$ 12,228,932	\$ 12,345,088
Operating grants	3,180	425,004			3,180	425,004
Capital grants	1,400,286	1,615,517	967,392	25,000	2,367,678	1,640,517
<i>General Revenues:</i>						
Property taxes	1,993,572	1,996,135			1,993,572	1,996,135
Other taxes	1,823,860	1,691,451			1,823,860	1,691,451
Investment earnings	18,929	9,694	117,709	32,260	136,638	41,954
Other	35,937	40,303	275,614	9,684	311,551	49,987
Total Revenue	5,888,277	6,755,927	12,977,134	11,434,209	18,865,411	18,190,136
Expenses						
General government	927,882	804,504			927,882	804,504
Public Safety	3,928,176	3,707,152			3,928,176	3,707,152
Culture and recreation	90,855	132,996			90,855	132,996
Streets	1,046,370	1,035,381			1,046,370	1,035,381
Public building and library	267,664	267,563			267,664	267,563
Planning department	233,126	103,889			233,126	103,889
Interest on long-term debt	487,040	499,589			487,040	499,589
Water and Sewer			8,757,721	8,454,678	8,757,721	8,454,678
Stormwater			75,015	30,977	75,015	30,977
Cornelia Water & Sewer Authority			223,349	222,070	223,349	222,070
Sanitation			455,305		455,305	
Community House			59,107		59,107	
Total Expenses	6,981,113	6,551,074	9,570,497	8,707,725	16,551,610	15,258,799
Increases in net assets before transfers						
Transfers	178,812	640,681	(178,812)	(640,681)		
Increase (decrease) in net position	(914,024)	858,857	3,227,825	1,689,657	2,313,801	2,548,514
Net Position, beginning of year	11,101,389	10,242,532	47,742,091	46,052,434	58,843,480	56,294,966
Net Position, end of year	\$ 10,187,365	\$ 11,101,389	\$ 50,969,915	\$ 47,742,091	\$ 61,157,281	\$ 58,843,480

At the end of the current fiscal year, the city reported positive balances in all three categories of net position, both the government as a whole, and the separate governmental and business-type activities.

Governmental Activities. Governmental activities, including transfers, decreased the city's net position by **\$914,024**.

Revenues. **\$3,817,432**, collected in general tax revenues, made up approximately 94% of the city's total general governmental revenues. The city received **\$1,094,796** in special purpose sales tax monies which are reflected as capital contributions. During the current fiscal year, Governmental Activities received transfers in of **\$1,003,923**.

Expenses. The total expenses for governmental activities were **\$6,981,113**. The largest single expenditure activity is in public safety, which totaled **\$3,928,176** or 56%. Public Safety consists of the police and fire departments. General Government accounted for **\$745,882** or 11% of all expense in governmental activities. Public works accounts for **\$1,314,034** or 19% of all expense in governmental activities.

Business Activities. Business-type activities increased the City of Cornelia's net position by **\$3,227,825**. The Water and Sewer Department, the largest of the city's five business-type activities, accounted for 91% of the

expenses and 93% of the revenues among business-type activities.

Revenues. Water and Sewer revenues were **\$10,751,486**. Stormwater revenues were **\$359,117**. Cornelia Water and Sewer Authority revenues were **\$30,000**. Sanitation revenues were **\$412,166**. Community House revenues were **\$63,650**. Water and Sewer revenue is derived from the sale of water and sewer services to the citizens of the city, tap and connection fees. Stormwater revenue is derived from the provision of storm drainage services to the citizens by means of user fees. Cornelia Water and Sewer Authority revenue is derived from the rent of the water plant to the city. Sanitation revenue is derived from garbage service for residential customers inside the city. Community House revenue is derived from the rental revenue for use of the event space.

Expenses. Water and Sewer expenses were **\$8,757,722**. Stormwater expenses were **\$75,015**. Cornelia Water and Sewer Authority expenses were **\$223,348**. Sanitation expenses were **\$455,305**. Community House revenues were **\$59,107**. Business-Type Activities transfers out totaled **\$178,812**.

FINANCIAL ANALYSIS OF CITY FUNDS

As noted earlier, the City of Cornelia employs fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

As of the end of the current fiscal year, the city's governmental funds reported combined ending fund balances of **\$4,282,573**. Of this amount **\$2,681,020** constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance **\$1,601,553** is set aside which may only be used within the guidelines of each fund.

The General Fund is the chief operating fund of the city. At the end of the current fiscal year, unassigned fund balance in the General Fund was **\$2,681,020**. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total fund balance was **\$2,681,020**. Total general fund expenditures for the current year were **\$5,108,462**. Unassigned fund balance of **\$2,681,020** represents approximately 52% of total General Fund expenditures.

Proprietary Funds. The city's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund amounted to **\$2,291,479** at December 31, 2023; those of the Stormwater Fund amounted to **\$343,164**; and those of the Cornelia Water and Sewer Authority amounted to **\$84**. The total increase in Water and Sewer net position was **\$2,101,301**; the increase in Stormwater net position was **\$504,048**; and the decrease in the Cornelia Water and Sewer Authority net position was **\$193,348**, which was a result of paying off all debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City spent **\$324,807** less than the total budgeted general fund expenditures.

Actual revenues were more than budgeted revenues in the general fund by **\$129,533**.

Capital Assets and Debt Administration

Capital Assets. The City of Cornelia's investment in capital assets for its governmental and business-type activities as of December 31, 2023 amounts to **\$85,451,414** (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, furniture and vehicles, and construction in progress.

The City receives monies from the 2021 special purpose sales tax referendums. These funds are maintained, as required by Georgia law, in a separate 2021 SPLOST capital projects funds. The City expends these tax monies and other funding sources for water and sewer improvements, transportation, parks and recreation, software upgrades and public safety.

The City maintains a long-term strategic capital assets plan and, in addition to the special purpose sales tax fund, uses a separate capital projects fund to pay for acquisitions and improvements. Use of such a capital asset plan and the capital projects fund aids the City in developing its infrastructure while lessening the need to borrow funds in the future.

In fiscal year 2023, the City recognized **\$869,285** in depreciation for the governmental activities and **\$2,019,996** in depreciation for the business-type activities.

City of Cornelia, Georgia				
Capital Assets (net of depreciation)				
	Governmental Activities		Business Activities	
	2023	2022	2023	2022
Land	\$ 434,645	\$ 434,645	\$ 77,069	\$ 77,069
Construction in Progress	330,124	284,923	1,688,595	1,641,748
Building	13,654,624	14,612,575	46,330,594	45,372,643
Equipment	1,203,649	1,198,140	5,238,545	5,140,211
Vehicles	3,878,304	4,158,673	751,186	391,800
Infrastructure	5,379,055	5,431,252	33,907,747	31,024,576
Total Assets	<u>\$ 24,880,401</u>	<u>\$26,120,208</u>	<u>\$ 87,993,736</u>	<u>\$ 83,648,047</u>

Long-Term Debt. At the end of the current fiscal year, the Urban Redevelopment Agency of the City of Cornelia had a Series 2019 Revenue Bond outstanding balance of **\$10,800,000**. The City had notes payable due to GEFA and South State Bank for **\$23,809,600**. Obligations under financed purchases for the city were **\$1,176,687**. Net pension liability in Governmental activities and Business-type activities totaled **\$2,144,717**.

Readers should refer to the notes to the financial statements for more detail on capital assets and long-term debt activity.

**City of Cornelia, Georgia
Outstanding Debt**

	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<i>2019 Bonds Payable</i>	\$ 10,800,000	\$ 10,980,000	\$ -	\$ -
<i>2019 Premium on Bonds</i>	177,524	183,250	-	-
<i>Financed Purchases</i>	1,156,007	1,486,121	20,680	-
<i>Notes Payable</i>	-	-	23,809,600	24,800,022
<i>Compensated Absences</i>	329,686	135,769	175,410	127,289
<i>Net Pension Liability</i>	1,050,911	641,812	1,093,806	546,728
<i>Total Debt</i>	<u>\$ 13,514,128</u>	<u>\$ 13,426,952</u>	<u>\$ 25,099,496</u>	<u>\$ 25,474,039</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The fiscal year 2023 budget reflects the goals of the City of Cornelia Commission. The City will continue to meet all of its financial and debt obligations. The budget includes continued efforts for infrastructure and facility improvements as well as replacement of aging equipment. A three percent utility rate increase was incorporated in the 2023 budget.

City of Cornelia management, responding to citizen wishes, has elected to keep property taxes low and to utilize proprietary funds to supplement its General Fund. The City's water and sewer fund contributes to the City's General Fund. No property tax millage increases were incorporated in the 2023 budget.

The City is well managed by a dedicated staff and a mayor and commission committed to sound fiscal policy, cooperative intergovernmental planning, and transparency in all its actions. The City plans to continue the same level of services for our citizens and customers in fiscal year 2024.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Cornelia's finances for all those with an interest in our government's finances. Questions concerning this report or requests for additional information should be addressed to the City's Finance Director via PO Box 785, Cornelia, Georgia, 30501, by phone (706) 778-8585, or by email to finance@cornelia.city.

BASIC FINANCIAL STATEMENTS

CITY OF CORNELIA, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 5,071,441	\$ 7,269,638	\$ 12,341,079	\$ 7,186
Receivables				
Accounts	233,637	1,021,886	1,255,523	-
Taxes	2,181,328	-	2,181,328	-
Internal Balances	-	-	-	-
Due from Other Funds	162,469	(162,469)	-	-
Prepaid Items	-	-	-	-
Investments	-	1,449,490	1,449,490	-
Capital Assets:				
Land, Improvements, and Construction in Progress	764,769	1,983,057	2,747,826	-
Other Capital Assets, net of Depreciation	18,198,275	64,505,314	82,703,589	-
Total Assets	26,611,919	76,066,916	102,678,835	7,186
Deferred Outflows of Resources				
Pension Related Items	459,265	478,010	937,275	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 27,071,184	\$ 76,544,926	\$ 103,616,110	\$ 7,186
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities				
Accounts Payable	\$ 145,656	\$ 237,284	\$ 382,940	\$ -
Accrued Liabilities	98,345	92,803	191,148	-
Accrued Interest Payable	-	27,678	27,678	-
Unearned Property Tax Revenue	2,391,181	-	2,391,181	-
Unearned Grant Revenue	731,120	-	731,120	-
Compensated Absences	329,686	175,410	505,096	-
Due to Other Funds	-	-	-	-
Customer Deposits Payable	-	114,223	114,223	-
Financed Purchases:				
Due Within One Year	282,580	20,680	303,260	-
Due Beyond One Year	873,427	-	873,427	-
Bonds Payable:				
Due Within One Year	190,000	-	190,000	-
Due Beyond One Year	10,787,524	-	10,787,524	-
Notes Payable:				
Due Within One Year	-	927,810	927,810	-
Due Beyond One Year	-	22,881,790	22,881,790	-
Net Pension Liability, Due Beyond One Year	1,050,911	1,093,806	2,144,717	-
Total Liabilities	16,880,430	25,571,484	42,451,914	-
Deferred Inflows of Resources				
Pension Related Items	3,389	3,527	6,916	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	16,883,819	25,575,011	42,458,830	-
NET POSITION				
Net Invested in Capital Assets	6,829,513	42,658,091	49,487,604	-
Restricted for:				
Capital Projects	1,548,305	5,618,559	7,166,864	7,186
Grants	3,411	-	3,411	-
Police Special Projects	8,166	-	8,166	-
Tourism	41,671	-	41,671	-
Unrestricted Net Position	1,756,299	2,693,265	4,449,564	-
Total Net Position	10,187,365	50,969,915	61,157,280	7,186
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 27,071,184	\$ 76,544,926	\$ 103,616,110	\$ 7,186

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General Government	\$ 226,699	\$ 69,429	\$ -	\$ 1,325,654	\$ 1,168,384	\$ -	\$ 1,168,384	\$ -
City Manager	395,722	-	-	-	(395,722)	-	(395,722)	-
Human Resources	123,461	-	-	-	(123,461)	-	(123,461)	-
Public Safety:								
Administration	163,505	-	-	-	(163,505)	-	(163,505)	-
Fire	1,508,595	66,384	1,000	-	(1,441,211)	-	(1,441,211)	-
Police and Courts	2,256,076	351,475	-	-	(1,904,601)	-	(1,904,601)	-
Streets	1,046,370	24,307	-	74,632	(947,431)	-	(947,431)	-
Recreation	90,855	-	2,180	-	(88,675)	-	(88,675)	-
Public Buildings and Library	267,664	-	-	-	(267,664)	-	(267,664)	-
Planning and Zoning	233,126	100,903	-	-	(132,223)	-	(132,223)	-
Tourism	182,000	15	-	-	(181,985)	-	(181,985)	-
Interest on Long-Term Debt	487,040	-	-	-	(487,040)	-	(487,040)	-
Total Governmental Activities	6,981,113	612,513	3,180	1,400,286	(4,965,134)	-	(4,965,134)	-
Business-Type Activities								
Water and Sewer	8,757,721	10,751,486	-	967,392	-	2,961,157	2,961,157	-
Stormwater	75,015	359,117	-	-	-	284,102	284,102	-
Water and Sewer Authority	223,349	30,000	-	-	-	(193,349)	(193,349)	-
Sanitation	455,305	412,166	-	-	-	(43,139)	(43,139)	-
Community House	59,107	63,650	-	-	-	4,543	4,543	-
Total Business-Type Activities	9,570,497	11,616,419	-	967,392	-	3,013,314	3,013,314	-
Total Primary Government	\$ 16,551,610	\$ 12,228,932	\$ 3,180	\$ 2,367,678	(4,965,134)	3,013,314	(1,951,820)	-
Total Component Unit	\$ 1,995	\$ -	\$ 4,294	\$ -				2,299
General Revenues								
Taxes:								
Property					1,993,572	-	1,993,572	-
Intangible and Transfer					9,241	-	9,241	-
Franchise					613,291	-	613,291	-
Beer and Wine					291,442	-	291,442	-
Insurance Premium					400,224	-	400,224	-
Business Taxes					160,591	-	160,591	-
Hotel/Motel Taxes					349,071	-	349,071	-
Unrestricted Investment Earnings					18,929	117,709	136,638	-
Other Revenue					3,745	233,181	236,926	-
Gain on Sale of Assets					387	32,863	33,250	-
Insurance Refunds and Recoveries					31,805	9,570	41,375	-
Transfers					178,812	(178,812)	-	-
Total General Revenues and Transfers					4,051,110	214,511	4,265,621	-
Change in Net Position					(914,024)	3,227,825	2,313,801	2,299
Net Position - Beginning					11,101,389	47,742,090	58,843,479	4,887
Net Position - Ending					\$ 10,187,365	\$ 50,969,915	\$ 61,157,280	\$ 2,299

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

**CITY OF CORNELIA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	Major Governmental Funds					
	General Fund	Municipal Complex Capital Projects	SPLOST VI Capital Projects Fund	SPLOST VII Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 2,908,988	\$ 550,972	\$ -	\$ 755,963	\$ 855,518	\$ 5,071,441
Taxes Receivables	2,181,328	-	-	-	-	2,181,328
Other Receivables	13,722	-	-	197,873	22,042	233,637
Due From Other Funds	183,100	-	-	-	-	183,100
Prepaid Items	-	-	-	-	-	-
Investments	-	-	-	-	-	-
TOTAL ASSETS	\$ 5,287,138	\$ 550,972	\$ -	\$ 953,836	\$ 877,560	\$ 7,669,506
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 104,227	\$ -	\$ -	\$ 6,000	\$ 35,429	\$ 145,656
Accrued Liabilities	98,345	-	-	-	-	98,345
Customer Deposits	-	-	-	-	-	-
Due to Other Funds	12,365	-	-	-	8,266	20,631
Unearned Revenue	2,391,181	-	-	-	-	2,391,181
Unearned Grant Revenue	-	-	-	-	731,120	731,120
TOTAL LIABILITIES	2,606,118	-	-	6,000	774,815	3,386,933
FUND BALANCES						
Non-Spendable:						
Prepaid Items	-	-	-	-	-	-
Restricted for:						
Capital Projects	-	550,972	-	947,836	49,497	1,548,305
Grants	-	-	-	-	3,411	3,411
Police Special Projects	-	-	-	-	8,166	8,166
Tourism	-	-	-	-	41,671	41,671
Assigned to:						
Downtown Development Authority	-	-	-	-	-	-
Unassigned Reported in:						
General Fund	2,681,020	-	-	-	-	2,681,020
TOTAL FUND BALANCES	2,681,020	550,972	-	947,836	102,745	4,282,573
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,287,138	\$ 550,972	\$ -	\$ 953,836	\$ 877,560	

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

Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds.	18,963,044
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Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:

Compensated Absences	(329,686)
Financed Purchases	(1,156,007)
Bonds Payable	(10,977,524)
Net Pension Liability	(1,050,911)

The deferred outflows of resources and deferred inflows of resources related to the City's pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds:

Deferred Outflows of Resources	459,265
Deferred Inflows of Resources	(3,389)

Net Position of Governmental Activities	<u>\$ 10,187,365</u>
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The accompanying notes are an integral part of these financial statements.

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

	Major Governmental Funds					
	General Fund	Municipal Complex Capital Projects	SPLOST VI Capital Projects Fund	SPLOST VII Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 1,993,572	\$ -	\$ -	\$ -	\$ -	\$ 1,993,572
Intangible and Transfer	9,241	-	-	-	-	9,241
Franchise	613,291	-	-	-	-	613,291
Beer and Wine	291,442	-	-	-	-	291,442
Insurance Premiums	400,224	-	-	-	-	400,224
Business Taxes	160,591	-	-	-	-	160,591
Hotel/Motel	-	-	-	-	349,071	349,071
Licenses and Permits	170,208	-	-	-	-	170,208
Intergovernmental	3,180	-	-	1,094,796	286,558	1,384,534
Charges for Services	90,815	-	-	-	15	90,830
Fines and Forfeitures	351,475	-	-	-	-	351,475
Investment Earnings	-	9,703	226	18,706	3,500	32,135
Other Revenue	3,745	-	-	-	-	3,745
TOTAL REVENUES	4,087,784	9,703	226	1,113,502	639,144	5,850,359
EXPENDITURES						
Current:						
General Government	111,893	-	-	-	54,912	166,805
City Manager	350,905	-	-	-	14,211	365,116
Human Resources	119,492	-	-	-	-	119,492
Public Safety Admin	196,094	-	-	-	-	196,094
Police and Courts	2,049,195	-	-	-	-	2,049,195
Fire	1,309,042	-	-	-	-	1,309,042
Streets and Sanitation	652,390	-	47,012	408,246	143,359	1,251,007
Public Buildings and Library	36,000	660	-	-	-	36,660
Recreation	32,305	-	-	-	-	32,305
Planning	240,022	-	-	-	-	240,022
Tourism	-	-	-	-	257,282	257,282
Debt Service:						
Principal	11,039	180,000	-	278,404	-	469,443
Interest	86	465,438	-	21,516	-	487,040
TOTAL EXPENDITURES	5,108,463	646,098	47,012	708,166	469,764	6,979,503
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,020,679)	(636,395)	(46,786)	405,336	169,380	(1,129,144)
OTHER FINANCING SOURCES AND USES						
Proceeds from Sale of Assets	387	-	-	-	-	387
Financed Purchases	-	-	-	-	-	-
Insurance Refunds and Recoveries	31,805	-	-	-	-	31,805
Transfers In	1,544,884	704,954	-	18	-	2,249,856
Transfers Out	(704,122)	-	(18)	(333,029)	(240,956)	(1,278,125)
TOTAL OTHER FINANCING SOURCES AND USES	872,954	704,954	(18)	(333,011)	(240,956)	1,003,923
NET CHANGES IN FUND BALANCES	(147,725)	68,559	(46,804)	72,325	(71,576)	(125,221)
FUND BALANCES - BEGINNING	2,828,745	482,413	46,804	875,511	174,321	4,407,794
FUND BALANCES - ENDING	\$ 2,681,020	\$ 550,972	\$ -	\$ 947,836	\$ 102,745	\$ 4,282,573

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

CITY OF CORNELIA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (125,221)

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

Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital Outlay	\$ 613,933	
Depreciation Expense	<u>(869,285)</u>	(255,352)

In the Statement of Activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources.

Costs of Assets Disposed	(43,598)	
Related Accumulated Depreciation	<u>14,418</u>	(29,180)

Distributions of capital assets to the Sanitation Fund and Community House Fund decrease net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.

Cost of Assets	(1,810,242)	
Related Accumulated Depreciation	<u>976,652</u>	(833,590)

Distribution of finance purchase related to capital assets that were transferred to the Sanitation Fund increases net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.

Financed Purchases		40,671
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. This is the amount of amortized bond premium during the current period

5,726

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which debt proceeds exceeds principal payments.

Proceeds from Financed Purchases	-	
Principal Payments on Financed Purchases	289,443	
Principal Payments on Bonds Payable	<u>180,000</u>	469,443

In the Statement of Activities, operating expenses are measured by the amounts incurred during the year. However, compensated absences are included in the governmental funds only to the extent that they require the expenditure of current financial resources.

Change in Compensated Absences		(193,917)
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Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned, net of employee contributions is reported as pension expense. These expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. This is the amount by which cost of benefits earned, net of employee contributions exceeded pension contributions.

Cost of Benefits Earned, net of Contributions	(171,445)	
Pension Contributions	<u>178,841</u>	<u>7,396</u>

Change in Net Position of Governmental Activities		<u><u>\$ (914,024)</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF CORNELIA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 2,181,800	\$ 2,181,800	\$ 1,993,572	\$ (188,228)
Intangible and Transfer	15,000	15,000	9,241	(5,759)
Franchise	500,000	500,000	613,291	113,291
Beer and Wine	258,000	258,000	291,442	33,442
Insurance Premium	400,000	400,000	400,224	224
Business Taxes	115,000	115,000	160,591	45,591
Licenses and Permits	153,000	153,000	170,208	17,208
Intergovernmental	-	1,000	3,180	2,180
Charges for Services	88,050	88,050	90,815	2,765
Fines and Forfeitures	200,000	246,400	351,475	105,075
Investment Earnings	-	-	-	-
Other Revenues	-	-	3,745	3,745
TOTAL REVENUES	<u>3,910,850</u>	<u>3,958,250</u>	<u>4,087,784</u>	<u>129,534</u>
EXPENDITURES				
Current:				
General Government	134,400	134,400	111,893	22,507
City Manager	361,306	361,306	350,905	10,401
Human Resources	133,174	133,174	119,492	13,682
Public SafetyAdmin	154,485	210,235	196,094	14,141
Police and Courts	2,131,516	2,177,916	2,049,195	128,721
Fire	1,366,584	1,367,584	1,309,042	58,542
Streets	682,200	682,200	652,390	29,810
Public Buildings and Library	36,000	36,000	36,000	-
Recreation	50,095	50,095	32,305	17,790
Planning	266,859	266,859	240,022	26,837
Debt Service:				
Principal	13,400	13,400	11,039	2,361
Interest	100	100	86	14
TOTAL EXPENDITURES	<u>5,330,119</u>	<u>5,433,269</u>	<u>5,108,463</u>	<u>324,806</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,419,269)</u>	<u>(1,475,019)</u>	<u>(1,020,679)</u>	<u>454,340</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Assets	-	-	387	387
Financed Purchases	-	-	-	-
Insurance Refunds and Recoveries	-	31,800	31,805	5
Prior Year Fund Balance	337,331	337,331	-	(337,331)
Transfers In	1,727,725	1,751,675	1,544,884	(206,791)
Transfers Out	(645,787)	(645,787)	(704,122)	(58,335)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,419,269</u>	<u>1,475,019</u>	<u>872,954</u>	<u>(602,065)</u>
NET CHANGE IN FUND BALANCES	-	-	(147,725)	(147,725)
FUND BALANCES - BEGINNING	<u>2,456,412</u>	<u>2,456,412</u>	<u>2,828,745</u>	<u>372,333</u>
FUND BALANCES - ENDING	<u>\$ 2,456,412</u>	<u>\$ 2,456,412</u>	<u>\$ 2,681,020</u>	<u>\$ 224,608</u>

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

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

	Water & Sewer Fund	Stormwater Fund	Cornelia Water & Sewer Authority	Nonmajor Enterprise Funds	Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 6,900,455	\$ 308,730	\$ 84	\$ 60,369	\$ 7,269,638
Accounts Receivable, net	944,228	34,455	-	43,203	1,021,886
Due From Other Funds	-	-	-	12,365	12,365
Investments	1,449,490	-	-	-	1,449,490
TOTAL CURRENT ASSETS	<u>9,294,173</u>	<u>343,185</u>	<u>84</u>	<u>115,937</u>	<u>9,753,379</u>
NONCURRENT ASSETS					
Capital Assets:					
Land and Improvement	7,500	69,569	-	-	77,069
Construction In Progress	1,621,475	284,513	-	-	1,905,988
Depreciable Assets, net of Accumulated Depreciation	54,498,185	1,181,547	8,047,617	777,965	64,505,314
TOTAL NONCURRENT ASSETS	<u>56,127,160</u>	<u>1,535,629</u>	<u>8,047,617</u>	<u>777,965</u>	<u>66,488,371</u>
TOTAL ASSETS	<u>65,421,333</u>	<u>1,878,814</u>	<u>8,047,701</u>	<u>893,902</u>	<u>76,241,750</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Items	449,892	-	-	28,118	478,010
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>449,892</u>	<u>-</u>	<u>-</u>	<u>28,118</u>	<u>478,010</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 65,871,225</u>	<u>\$ 1,878,814</u>	<u>\$ 8,047,701</u>	<u>\$ 922,020</u>	<u>\$ 76,719,760</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	\$ 232,885	\$ 21	\$ -	\$ 4,378	237,284
Accrued Liabilities	91,402	-	-	1,401	92,803
Accrued Interest Payable	27,678	-	-	-	27,678
Compensated Absences	174,822	-	-	588	175,410
Due to Other Funds	174,834	-	-	-	174,834
Financed Purchases	-	-	-	20,680	20,680
Notes Payable	927,810	-	-	-	927,810
TOTAL CURRENT LIABILITIES	<u>1,629,431</u>	<u>21</u>	<u>-</u>	<u>27,047</u>	<u>1,656,499</u>
NONCURRENT LIABILITIES					
Customer Deposits Payable	99,623	-	-	14,600	114,223
Notes Payable	22,881,790	-	-	-	22,881,790
Net Pension Liability	1,029,464	-	-	64,342	1,093,806
TOTAL NONCURRENT LIABILITIES	<u>24,010,877</u>	<u>-</u>	<u>-</u>	<u>78,942</u>	<u>24,089,819</u>
TOTAL LIABILITIES	<u>25,640,308</u>	<u>21</u>	<u>-</u>	<u>105,989</u>	<u>25,746,318</u>
DEFERRED INFLOWS OF RESOURCES					
Pension Related Items	3,320	-	-	207	3,527
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,320</u>	<u>-</u>	<u>-</u>	<u>207</u>	<u>3,527</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>25,643,628</u>	<u>21</u>	<u>-</u>	<u>106,196</u>	<u>25,749,845</u>
NET POSITION					
Net Invested in Capital Assets	32,317,560	1,535,629	8,047,617	757,285	42,658,091
Restricted for Capital Projects	5,618,559	-	-	-	5,618,559
Unrestricted	2,291,478	343,164	84	58,539	2,693,265
TOTAL NET POSITION	<u>40,227,597</u>	<u>1,878,793</u>	<u>8,047,701</u>	<u>815,824</u>	<u>50,969,915</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 65,871,225</u>	<u>\$ 1,878,814</u>	<u>\$ 8,047,701</u>	<u>\$ 922,020</u>	<u>\$ 76,719,760</u>

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

CITY OF CORNELIA, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Water & Sewer Fund	Stormwater Fund	Cornelia Water & Sewer Authority	Nonmajor Enterprise Funds	Total
OPERATING REVENUES					
Water Fees	\$ 4,656,238	\$ -	\$ -	\$ -	\$ 4,656,238
Sewer Fees	5,802,398	-	-	-	5,802,398
Sanitation Fees	-	-	-	412,166	412,166
Stormwater Fees	-	359,117	-	-	359,117
Fines and Surcharges	80,745	-	-	-	80,745
Water and Sewer Taps	185,957	-	-	-	185,957
Rent	-	-	30,000	63,650	93,650
Miscellaneous Receipts	259,330	-	-	-	259,330
TOTAL OPERATING REVENUES	<u>10,984,668</u>	<u>359,117</u>	<u>30,000</u>	<u>475,816</u>	<u>11,849,601</u>
OPERATING EXPENSES					
Personnel Services and Benefits	3,234,217	-	-	132,363	3,366,580
Purchased and Contracted Services	1,892,083	3,473	8	261,757	2,157,321
Supplies and Equipment	1,581,818	22,558	-	53,227	1,657,603
Depreciation	1,683,305	48,983	222,065	65,644	2,019,997
Miscellaneous	27,549	-	-	-	27,549
TOTAL OPERATING EXPENSES	<u>8,418,972</u>	<u>75,014</u>	<u>222,073</u>	<u>512,991</u>	<u>9,229,050</u>
OPERATING INCOME (LOSS)	<u>2,565,696</u>	<u>284,103</u>	<u>(192,073)</u>	<u>(37,175)</u>	<u>2,620,551</u>
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental Revenue	-	-	-	-	-
Gain/(Loss) on Sale of Assets	8,662	-	-	24,200	32,862
Interest and Investment Revenue	112,230	4,125	-	1,354	117,709
Interest Expense	(338,749)	-	(1,276)	(1,421)	(341,446)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(217,857)</u>	<u>4,125</u>	<u>(1,276)</u>	<u>24,133</u>	<u>(190,875)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>2,347,839</u>	<u>288,228</u>	<u>(193,349)</u>	<u>(13,042)</u>	<u>2,429,676</u>
Capital Grants and Contributions	967,392	-	-	792,919	1,760,311
Insurance Refunds and Recoveries	9,570	-	-	-	9,570
Transfers In	211,541	273,862	-	131,650	617,053
Transfers Out	(1,435,041)	(58,041)	-	(95,703)	(1,588,785)
CHANGE IN NET POSITION	<u>2,101,301</u>	<u>504,049</u>	<u>(193,349)</u>	<u>815,824</u>	<u>3,227,825</u>
NET POSITION - BEGINNING	<u>38,126,296</u>	<u>1,374,744</u>	<u>8,241,050</u>	<u>-</u>	<u>47,742,090</u>
NET POSITION - ENDING	<u>\$ 40,227,597</u>	<u>\$ 1,878,793</u>	<u>\$ 8,047,701</u>	<u>\$ 815,824</u>	<u>\$ 50,969,915</u>

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

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

	Water and Sewer Fund	Stormwater Fund	Cornelia Water and Sewer Authority	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 10,741,621	\$ 375,055	\$ 30,000	\$ 434,848	\$ 11,581,524
Payments to Suppliers	(3,295,927)	(26,445)	(8)	(310,606)	(3,632,986)
Payments to or on Behalf of Employees	(3,214,263)	-	-	(93,943)	(3,308,206)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	4,231,431	348,610	29,992	30,299	4,640,332
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers From Other Funds	-	-	-	131,650	131,650
Transfers to Other Funds	(1,435,041)	(58,041)	-	(95,702)	(1,588,784)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(1,435,041)	(58,041)	-	35,948	(1,457,134)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Grant Received for Capital Purchases	967,392	-	-	-	967,392
Transfers From Other Funds	211,541	273,862	-	-	485,403
Proceeds from Notes Payable	23,866	-	-	-	23,866
Principal Payments on Finance Purchase	-	-	-	(19,991)	(19,991)
Principal Payments on Note Payables	(915,532)	-	(98,756)	-	(1,014,288)
Proceeds from Insurance Refunds and Recoveries	9,570	-	-	-	9,570
Proceeds from Sale of Assets	8,663	-	-	24,200	32,863
Purchases of Capital Assets	(2,393,341)	(349,479)	-	(10,020)	(2,752,840)
Interest Paid	(338,749)	-	(1,276)	(1,421)	(341,446)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,426,590)	(75,617)	(100,032)	(7,232)	(2,609,471)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Certificate of Deposit	(3,977)	-	-	-	(3,977)
Interest Earned	112,230	4,125	-	1,354	117,709
NET CASH USED FOR INVESTING ACTIVITIES	108,253	4,125	-	1,354	113,732
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	478,053	219,077	(70,040)	60,369	687,459
CASH AND CASH EQUIVALENTS - BEGINNING	6,422,402	89,653	70,124	-	6,582,179
CASH AND CASH EQUIVALENTS - ENDING	\$ 6,900,455	\$ 308,730	\$ 84	\$ 60,369	\$ 7,269,638
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 2,565,696	\$ 284,103	\$ (192,073)	\$ (37,175)	\$ 2,620,551
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation Expense	1,683,305	48,983	222,065	65,644	2,019,997
(Increase) decrease in assets and deferred outflows of resources:					
Receivables, net	(297,084)	6,056	-	(43,203)	(334,231)
Due From Other Funds	39,250	9,882	-	(12,365)	36,767
Deferred Outflows for Pension Items	(126,861)	-	-	(28,118)	(154,979)
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts Payables	232,884	(414)	-	4,378	236,848
Accrued Liabilities	(97,288)	-	-	1,401	(95,887)
Accrued Interest Payable	(1,268)	-	-	-	(1,268)
Compensated Absences	47,533	-	-	588	48,121
Customer Deposit Payables	14,786	-	-	14,600	29,386
Due to Other Funds	(26,094)	-	-	-	(26,094)
Net Pension Liability	482,736	-	-	64,342	547,078
Deferred Inflows for Pension Items	(286,164)	-	-	207	(285,957)
Net Cash Provided by Operating Activities	\$ 4,231,431	\$ 348,610	\$ 29,992	\$ 30,299	\$ 4,640,332
Note: Below is a reconciliation of the Non Cash Activity:					
Capital Contribution of Capital Assets (from General Fund):					
Capital Assets	\$ -	\$ -	\$ -	\$ 1,810,242	\$ 1,810,242
Less Accumulated Depreciation	-	-	-	(976,652)	(976,652)
Net Capital Contribution	-	-	-	833,590	833,590
Distribution of Finance Purchase (from General Fund)	-	-	-	(40,671)	(40,671)
Net Non Cash Activity	\$ -	\$ -	\$ -	\$ 792,919	\$ 792,919

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Cornelia, Georgia (the "City") have been prepared in conformity with the accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A. REPORTING ENTITY

The City was incorporated in 1887 and operates under a City Commission/Manager form of government. Policy making and legislative authority are vested in the Mayor and four commission members. The City Manager is responsible for the daily operations of all City departments. The City provides such services as police protection, fire services, economic development services, parks and recreation amenities, planning and building inspection, municipal court services, streets and sanitation services, water, sewer and stormwater services, and general and administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component units. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies taxes or issues their debt.

The City's component units are presented either as "blended" or discretely presented". If blended, it is reported as if it were a fund of the City throughout the year. It is included at both the government-wide and fund financial reporting levels.

Discretely presented component units are reported only at the government-wide financial reporting level. The component unit columns included on the government-wide financial statements identifies the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

Blended Component Units

The **City of Cornelia Water and Sewer Authority (the "Authority")** was created by the City on October 23, 2012 under the provisions of the Official Code of Georgia Annotated Section 12-8-50. The Authority consists of five directors who are appointed by the City's commissioners. The Authority is blended with the Water and Sewer Fund since all services benefit the City. Separate financial statements are not issued for the Authority. Financial information related to the Authority may be obtained from the City's finance department.

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The **Urban Redevelopment Agency of the City of Cornelia (the "URA")** is a blended presented component unit of the City. The three members of the board of directors of the URA are appointed by the City Commission. The City has the ability to impose its will on the URA as the City Commission can remove appointed members of the URA board at will and has the ability to hire and dismiss the personnel responsible for the daily operations of the URA. Although it is legally separate from the City, the URA is reported as if it were a part of the primary government because its purpose is to provide a means to issue revenue bonds for buildings owned by the City and all debt is expected to be repaid by the City. The City possesses the authority to review, approve and revise the budget and governs collection and disbursement of funds. Separate financial statements for the URA are not prepared. Financial information related to the URA may be obtained from the City's finance department.

Discretely Presented Component Unit

The **Cornelia Downtown Development Authority ("DDA")** has been included as a discretely presented component unit in the accompanying financial statements. The DDA was created in 1982 and reactivated in the summer of 2011, with the primary purpose of promoting development through revitalization of the downtown area of the City. The DDA derives its income from donations from local businesses and individuals within the community. The City Commission appoints all members of the board of directors, which consists of ten members and three ex-officio members. Financial information related to the DDA may be obtained from the City upon request. Separate financial statements for the DDA are not prepared.

Related Organization

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate discretely presented component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses and program revenues identifies the extent to which each program is self-financing or draws from the general revenues of the City. The City does not allocate indirect expenses to functions in the statement of activities.

Fund Financial Statements

Separate government-wide and fund financial statements are presented, and they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The focus of fund financial statement is on major governmental and enterprise funds rather than on fund types. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

The **Municipal Complex Capital Projects Fund** accounts for financial resources used to acquire, construct and maintain the City's municipal complex under the City's Urban Redevelopment Agency.

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

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

The City reports the following major enterprise funds:

The **Water and Sewer Fund** accounts for revenues derived from water and sewer fees charged to customers and used for the operation, development and maintenance of the City's water and sewer services.

The **Stormwater Fund** accounts for revenue derived from stormwater impact fees charged to customers and used to provide stormwater management services in order to reduce pollution and increase water quality within the City.

**CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

The ***Cornelia Water and Sewer Authority*** accounts for revenues derived from rental income charged to the City and used for principal and interest payments on debt associated with the construction of the wastewater plant.

Additionally, the City reports the following fund types:

Special Revenue Funds account for the proceeds of specific revenue sources that are either legally restricted or committed to expenditures for specified purposes.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Government-wide net position should be reported as restricted when constraints place on net position uses are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net position restricted for capital projects reflect the restrictions of their use.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund balances have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances from/to other funds
- Transfers in/out

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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

D. BUDGETS

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds, except the capital projects funds, which adopt project-length budgets. During the year ended December 31, 2023, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules. All unencumbered budget appropriations lapse at the end of each year.

E. CASH AND INVESTMENTS

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with original maturities of 3 months or less from the date of acquisition.

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

F. RECEIVABLES

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

G. INTERFUND RECEIVABLES AND PAYABLES

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

H. INVENTORY

The City's policy is to expense parts as they are purchased; therefore, no inventory is recorded.

I. PREPAID ITEMS

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

J. CAPITAL ASSETS

Capital outlays are recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent that the City's capitalization threshold is met. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the year ended December 31, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are among the largest asset classes of the City. The City reported general infrastructure assets placed into service after January 1, 1986.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Depreciation is recorded on general capital assets on a government-wide basis. Capital outlays of the Proprietary Fund are recorded as capital assets and depreciation is recorded on both the fund basis and the government-wide basis. Such assets are recorded at historical cost or estimated historical cost if purchased

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

or constructed. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized but charged to operations when incurred. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operation.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10 - 50
Machinery and Equipment	5 - 20
Vehicles	5 - 20
Infrastructure	7 - 50

K. COMPENSATED ABSENCES

The City's policy allows full-time employees, immediately upon employment, to accumulate earned but unused vacation benefits up to a maximum of 120 hours. Full-time employees are reimbursed accumulated vacation benefits upon separation of service. Employees with five years of services are allowed to accumulate up to 240 hours of unused sick leave which is payable upon separation of service within the guidelines specified in the employee policy manual. Accordingly, the liability for compensated absences in the government-wide statements consists of unpaid, accumulated vacation leave and unpaid, accumulated sick leave for eligible employees.

L. LONG-TERM OBLIGATIONS

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

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Proprietary fund type loans payable are reported as liabilities at their outstanding value. Loan issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. DEFERRED OUTFLOWS OF RESOURCES/DEFERRED INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this

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category. The deferred outflow of resources relates to pensions. These amounts are described more fully below.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of deferred inflows of resources which arise under the accrual basis of accounting that relates to pensions and is described below.

The City has deferred outflows and inflows of resources related to the recording of changes in its net pension liability. Certain changes in the net position liability are recognized as pension expense over time instead of being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives of plan members. Changes in actuarial assumption which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual returns on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

N. FUND BALANCE AND NET POSITION

Generally, fund balance represents the difference between assets and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Fund balance for all other reporting is classified as net position.

Fund Balance

In accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Non-spendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources such as creditors, laws of other governments, or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Commission, the City's highest level of decision making authority. Commitments may be modified or rescinded only through adoption of a subsequent resolution by the City Commission.

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Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. By passage of a resolution, the City Commissioners has delegated the Finance Director the authority to assign amounts to be used for specific purposes.

Unassigned – includes amounts that are reported as the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. In addition, any remaining deficits in the City's governmental funds which remain after all other fund balances have been exhausted are classified as unassigned. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

For the purposes of fund balance classification, the City considers restricted amounts spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Additionally, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, then committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net position reported as net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the use of assets either through enabling legislation adopted by the City Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other amounts reported under net position are reported as unrestricted. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

O. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Cornelia's Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. MANAGEMENT ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that the reported amounts of assets, deferred outflows and inflows of resources, and liabilities, the disclosure of contingent

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assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City's annual budgets are prepared on anticipated revenues and appropriated expenditures. Revenue anticipation, generally conservative, is designed to help ensure fiscal responsibility and maintain a balanced budget. The operating budget includes proposed expenditures and the means of financing them are based on prior year results and estimated current needs.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level.

The applicable statutes of the State of Georgia require the City to operate under an annual balanced budget adopted by resolution for all governmental funds. A budget is defined as being balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. Appropriated budgets are adopted on a modified accrual basis which is consistent with generally accepted accounting principles for governmental funds. Annual budgets are adopted for the General Fund and each special revenue fund. Capital project funds have project length budgets. The enterprise fund adopts a budget at the fund level for management purposes. Budget amounts are as originally adopted, or as amended by the City Commission.

Supplementary appropriations made during the year by the City Commission were primarily the result of the purchases of various vehicles and equipment for public safety and various repairs to the City's streets and sidewalks. All appropriations lapse at year end.

NOTE 3 – DEPOSITS AND INVESTMENTS

At December 31, 2023, investments of the City's Water and Sewer Fund consist of one certificate of deposit with a maturity dates greater than three months. The certificate bears an interest rate of 4.83% annually. The amounts classified as investments at December 31, 2023 were as follows:

	<u>Investment</u>	<u>Fair Value</u>	<u>Interest Rate Risk</u>
Business-Type Activities:	Certificates of Deposit	\$ 1,449,490	Maturity - September 2024
Total Investments		<u>\$ 1,449,490</u>	

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The City has not formally adopted an investment policy to address interest rate risk.

Credit Risk – Georgia law and the City's investment policy allow investments in obligation of the State of Georgia and 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 bankers acceptances; the local government investment pool established by state law;

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repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no investment policy that would further limit the investment choices. Investments are reported at fair value.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal and state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The State of Georgia requires financial institutions to pledge securities at 110% of a local government's deposits. At December 31, 2023, all of the deposits of the City were fully collateralized in accordance with state statutes.

Concentration of Credit Risk – The City has no formal policy on the amount the City may invest in any one issuer.

Foreign Currency Risk – The City has no investments denominated in a foreign currency.

Fair Value Measurements

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

NOTE 4 – RECEIVABLES

The City receives property tax assessments from Habersham County, Georgia. Property taxes are levied on property values assessed as of January 1. Tax bills are levied on all real and personal property on November 1st and billed and mailed to taxpayers on December 15th with a due date of February 16th. After that date, both penalty and interest are accrued until the taxes are collected with lien date being 90 days after the due date. Property taxes receivable at year end is based on the tax levy, less amounts collected prior to December 31, 2023. The property taxes levied in November were intended for use in the 2023 budget year. Therefore, the entire 2022 digest levy is included in unearned revenue on the governmental funds' balance sheet and the governmental activities' statement of net position. Receivables are re-evaluated annually for collectability.

Due to the high collection rate in the enterprise fund, no allowance has been made for bad debts.

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

	General Fund	SPLOST VII Capital Projects Fund	Nonmajor Governmental Funds	Water and Sewer Fund	StormWater Fund	Nonmajor Enterprise Funds
Receivables:						
Accounts	\$ 13,722	\$ -	\$ 22,042	\$ 926,413	\$ 34,455	\$ 43,203
Interest/Penalties	-	-	-	17,815	-	-
Intergovernmental	-	197,873	-	-	-	-
Taxes	2,181,328	-	-	-	-	-
Total Receivables	<u>\$ 2,195,050</u>	<u>\$ 197,873</u>	<u>\$ 22,042</u>	<u>\$ 944,228</u>	<u>\$ 34,455</u>	<u>\$ 43,203</u>

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NOTE 5 – INTERFUND BALANCES AND TRANSFERS

Interfund balances as of December 31, 2023 consists of the following:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 174,834
General Fund	Nonmajor Governmental Funds	8,266
Nonmajor Enterprise Funds	General Fund	12,365

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

Transfers To/From Other Funds

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires them to the fund that statute or budget requires to expend them, and 2) use restricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government wide financial statements if the interfund transfer is within the governmental fund group or business-type group.

Transfers between funds during the year ended December 31, 2023 were as follows:

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<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 1,371,746
General Fund	Nonmajor Governmental Funds	173,138
		<u>1,544,884</u>
Municipal Complex Capital Projects Fund	General Fund	645,787
Municipal Complex Capital Projects Fund	SPLOST VII	59,167
		<u>704,954</u>
SPLOST VII	SPLOST VI	18
		<u>18</u>
Nonmajor Enterprise Funds	General Fund	58,335
		<u>58,335</u>
Stormwater Fund	SPLOST VII	273,862
		<u>273,862</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	10,020
Water & Sewer Fund	Nonmajor Governmental Funds	57,798
		<u>67,818</u>
Nonmajor Enterprise Funds	Water & Sewer Fund	63,295
		<u>63,295</u>
Water & Sewer Fund	Stormwater Fund	58,041
		<u>58,041</u>
Water & Sewer Fund	Nonmajor Enterprise Funds	95,703
		95,703
		<u>\$ 2,866,910</u>

Transfers were used to (1) provide unrestricted revenues collected in the Water & Sewer Fund, Nonmajor Enterprise Funds, and Nonmajor Governmental Funds to finance various programs and capital projects accounted for in the General Fund in accordance with budgetary authorizations, (2) provide proceeds for the repayment of the bond principal and interest in the Urban Redevelopment Fund, (3) provide revenues for capital projects in the Water and Sewer Fund and Stormwater Fund, and (4) account for transfers of assets and related liabilities from the General Fund to Nonmajor Enterprise Funds.

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NOTE 6 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassify / Transfer Out</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land and Improvements	\$ 434,645	\$ -	\$ -	\$ -	\$ 434,645
Construction in Progress	284,923	330,124	(284,923)	-	330,124
Total assets, not being depreciated	719,568	330,124	(284,923)	-	764,769
 Capital assets, being depreciated:					
Buildings	14,612,575	-	-	(957,951)	13,654,624
Machinery & Equipment	1,198,140	52,455	-	(46,946)	1,203,649
Vehicles	4,158,673	87,569	(43,598)	(324,340)	3,878,304
Infrastructure	5,431,352	428,708	-	(481,005)	5,379,055
Total assets, being depreciated	25,400,740	568,732	(43,598)	(1,810,242)	24,115,632
 Less accumulated depreciation for:					
Buildings	(2,264,766)	(282,060)	-	614,360	(1,932,466)
Machinery & Equipment	(692,851)	(106,813)	-	6,404	(793,260)
Vehicles	(1,389,566)	(265,692)	14,418	217,831	(1,423,009)
Infrastructure	(1,691,959)	(214,720)	-	138,057	(1,768,622)
Total accumulated depreciation	(6,039,142)	(869,285)	14,418	976,652	(5,917,357)
 Total assets, being depreciated, net	19,361,598	(300,553)	(29,180)	(833,590)	18,198,275
 Governmental Activities					
Capital Assets, net	<u>\$ 20,081,166</u>	<u>\$ 29,571</u>	<u>\$ (314,103)</u>	<u>\$ (833,590)</u>	<u>\$ 18,963,044</u>

CITY OF CORNELIA, GEORGIA
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassify / Transfer In</u>	<u>Ending Balance</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land and Improvements	\$ 77,069	\$ -	\$ -	\$ -	\$ 77,069
Construction in Progress	<u>1,641,748</u>	<u>1,905,988</u>	<u>(1,641,748)</u>	<u>-</u>	<u>1,905,988</u>
Total assets, not being depreciated	<u>1,718,817</u>	<u>1,905,988</u>	<u>(1,641,748)</u>	<u>-</u>	<u>1,983,057</u>
Capital assets, being depreciated:					
Buildings	45,372,643	-	-	957,951	46,330,594
Machinery & Equipment	5,140,211	74,138	-	24,196	5,238,545
Vehicles	391,800	35,046	-	324,340	751,186
Infrastructure	<u>31,024,576</u>	<u>2,379,416</u>	<u>-</u>	<u>503,755</u>	<u>33,907,747</u>
Total assets, being depreciated	<u>81,929,230</u>	<u>2,488,600</u>	<u>-</u>	<u>1,810,242</u>	<u>86,228,072</u>
Less accumulated depreciation for:					
Buildings	(8,502,423)	(959,517)	-	(614,360)	(10,076,300)
Machinery & Equipment	(1,303,915)	(161,572)	-	(6,404)	(1,471,891)
Vehicles	(200,935)	(78,479)	-	(217,831)	(497,245)
Infrastructure	<u>(8,718,836)</u>	<u>(820,429)</u>	<u>-</u>	<u>(138,057)</u>	<u>(9,677,322)</u>
Total accumulated depreciation	<u>(18,726,109)</u>	<u>(2,019,997)</u>	<u>-</u>	<u>(976,652)</u>	<u>(21,722,758)</u>
Total assets, being depreciated, net	<u>63,203,121</u>	<u>468,603</u>	<u>-</u>	<u>833,590</u>	<u>64,505,314</u>
Business-Type Activities					
Capital Assets, net	<u>\$ 64,921,938</u>	<u>\$ 2,374,591</u>	<u>\$ (1,641,748)</u>	<u>\$ 833,590</u>	<u>\$ 66,488,371</u>

During the year, the City transferred assets and the related accumulated depreciation from its governmental activities to its nonmajor enterprise funds. The net amount transferred totaled \$833,590.

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

Governmental Activities:

General Government	\$ 67,882
Public Safety:	
Public Safety Admin	2,559
Fire	166,905
Police and Courts	117,779
Streets	224,093
Recreation	58,550
Planning	513
Public Buildings & Library	<u>231,004</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 869,285</u>

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Business-type Activities:

Water & Sewer Fund	\$ 1,683,305
Stormwater Fund	48,983
Water & Sewer Authority	222,065
Sanitation Fund	30,484
Community House Fund	35,160
Total Depreciation Expense,	
Business-type Activities	<u>\$ 2,019,997</u>

NOTE 7 - LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Transfers In/(Out)	Ending Balance	Due Within One Year
Governmental Activities:						
Bonds Payable	\$ 10,980,000	\$ -	\$ (180,000)	\$ -	\$ 10,800,000	\$ 190,000
Plus Issuance Premium	183,250	-	(5,726)	-	177,524	5,726
Financed Purchases	1,486,121	-	(289,443)	(40,671)	1,156,007	282,580
Compensated Absences	135,769	193,917	-	-	329,686	329,686
Net Pension Liability	641,812	409,099	-	-	1,050,911	-
Governmental Activities						
Long-term Liabilities	<u>\$ 13,426,952</u>	<u>\$ 603,016</u>	<u>\$ (475,169)</u>	<u>\$ (40,671)</u>	<u>\$ 13,514,128</u>	<u>\$ 807,992</u>
Business-Type Activities:						
Compensated Absences	\$ 127,289	\$ 48,121	\$ -	\$ -	\$ 175,410	\$ 175,410
Financed Purchases	-	-	(19,991)	40,671	20,680	20,680
Notes Payable	24,800,022	23,866	(1,014,288)	-	23,809,600	927,810
Net Pension Liability	546,728	547,078	-	-	1,093,806	-
Business-Type Activities						
Long-term Liabilities	<u>\$ 25,474,039</u>	<u>\$ 619,065</u>	<u>\$ (1,034,279)</u>	<u>\$ 40,671</u>	<u>\$ 25,099,496</u>	<u>\$ 1,123,900</u>

In 2023, the City transferred assets and associated financed purchases from its governmental activities to the Sanitation Fund, a nonmajor enterprise fund.

For governmental activities, compensated absences, financed purchases and net pension liability are liquidated by the General Fund. The bond obligation is liquidated by the Urban Redevelopment Agency Fund.

For business-type activities, compensated absences, the majority of the notes payable, and the net pension liability are liquidated by the Water and Sewer Fund. The remaining portion of notes payable is liquidated by the Water and Sewer Authority. The financed purchases are liquidated by the Sanitation Fund, a nonmajor enterprise fund.

Governmental Activities

Bonds Payable

On April 16, 2019, the Urban Redevelopment Agency of the City of Cornelia, Georgia (the "URA") issued revenue bonds (City of Cornelia Project), series 2019, in the amount of \$11,325,000 for the purpose of financing the cost of acquiring and constructing a new municipal complex which consists of city hall, a municipal courtroom, the police department and a fire station. The bonds are special limited obligations of

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the URA, payable solely from and secured by pledged tax revenues of the City. The City has also agreed to levy a tax on the properties in the City, if necessary, to meet this obligation. Interest rates on the bond range from 3% to 5%. Interest payments are due semi-annually on April 1 and October 1 with principal payments due annually on October 1.

The City's debt service requirements to maturity on these bonds payable are as follows:

Year Ending December 31	Principal	Interest	Total
2024	\$ 190,000	\$ 458,238	\$ 648,238
2025	195,000	450,637	645,637
2026	205,000	442,838	647,838
2027	215,000	434,637	649,637
2028	220,000	426,038	646,038
2029 - 2033	1,230,000	2,005,438	3,235,438
2034 - 2038	1,450,000	1,793,263	3,243,263
2039 - 2043	1,720,000	1,517,075	3,237,075
2044 - 2048	2,095,000	1,139,188	3,234,188
2049 - 2053	2,665,000	566,250	3,231,250
2054	615,000	566,250	1,181,250
Total	<u>\$ 10,800,000</u>	<u>\$ 9,799,852</u>	<u>\$ 20,599,852</u>

The bonds were issued at a premium of \$200,430 which is amortized over the life of the bond at \$5,726.50 annually.

Financed Purchases – Direct Borrowing

In 2018, the City entered into a financed purchase agreement for financing the acquisition of self-contained breathing apparatuses. The agreement qualifies as a financed purchase for accounting purposes (title transfers at the end of the agreement). The financed agreement bears interest of 3.75% and is payable in monthly installments totaling \$2,781. The agreement matures in April 2023.

In 2021, the City entered into a financed purchase agreement for financing the acquisition of 2 fire trucks for the Fire department and 15 Dodge Durango's for the Police department. This agreement qualifies as a financed purchase for accounting purposes (title transfers at the end of the agreement). The financed agreement bears interest of 1.50% and is payable in annual installments totaling \$299,920. The agreement matures in May 2027.

As of December 31, 2023, the City had \$2,097,276 of equipment and vehicles under financed purchase agreements with accumulated depreciation of \$443,355. The amortization expense of \$169,026 for the financed purchases is included in depreciation expense.

The City's total financed purchase debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2024	\$ 282,580	\$ 17,340	\$ 299,920
2025	286,819	13,101	299,920
2026	291,121	8,799	299,920
2027	295,487	4,432	299,919
Total	<u>\$ 1,156,007</u>	<u>\$ 43,672</u>	<u>\$ 1,199,679</u>

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Business-Type Activities

Financed Purchases – Direct Borrowing

In 2019, the City entered into a financed purchase agreement for financing the acquisition of a sanitation truck. The agreement qualifies as a financed purchase for accounting purposes (title transfers at the end of the agreement). The financed agreement bears interest of 3.44% and is payable in annual installments totaling \$21,413. The agreement matures in April 2024. The outstanding principal balance as of December 31, 2023 totals \$20,680.

As of December 31, 2023, the City had \$99,797 of vehicles under the financed purchase agreement with accumulated depreciation of \$57,027. The amortization expense of \$14,257 for the financed purchase is included in depreciation expense.

Notes Payable – Direct Borrowings

In 2012, the City's Water and Sewer Authority entered into a note payable agreement with South State Bank to pay off existing loans held with the Georgia Environmental Facilities Authority using the wastewater treatment facility as collateral. The original amount of the note was \$1,714,417. Terms of the note require monthly payments of \$12,085 at an interest rate of 2.84% maturing in the year 2027. During 2022, the City paid additional principal payments on this note reducing the balance to \$98,756, which has been paid in full in 2023.

The City has five note payable agreements with the Georgia Environmental Facilities Authority ("GEFA") for the purpose of water and sewer system improvements in the Water and Sewer Fund. Four of the agreements were modified in 2020 due to the Coronavirus pandemic and are described below:

The City entered into note payable agreement, CWSRF 2017-024, with GEFA in the amount of \$1,986,000. Terms of the note require monthly payments of \$9,357 at an interest rate of 1.25% maturing in the year 2041. The outstanding principal balance of this note as of December 31, 2023 totals \$1,688,481.

The City entered into note payable agreement, 2013 L05WS, with GEFA in the amount of \$15,676,483. Terms of the note payable require monthly payments of \$74,927 at an interest rate of 1.40% maturing in the year 2041. The outstanding principal balance of this note as of December 31, 2023 totals \$13,889,626.

The City entered into note payable agreement, DW12008, with GEFA in the amount of \$1,613,355. Terms of the note payable require monthly payments of \$7,711 at an interest rate of 1.40% maturing in the year 2041. The outstanding principal balance of this note as of December 31, 2023 totals \$1,411,308.

The City entered into note payable agreement, DW15024, with GEFA in the amount of \$540,636. Terms of the note payable require monthly payments of \$4,620 at an interest rate of 0.5% maturing in the year 2030. The outstanding principal balance of this note as of December 31, 2023 totals \$381,273.

The City entered into note payable agreement, WS12L18WR, with GEFA for water and sewer system improvements that continue to be in progress as of December 31, 2023. The City has drawn down a total

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\$6,438,912 and pays monthly interest at a rate of 1.50%. The full maturity schedule will be included once the project is completed.

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

Year Ending December 31	Principal	Interest	Total
2024	\$ 927,810	\$ 231,570	\$ 1,159,380
2025	940,257	219,124	1,159,381
2026	952,875	206,506	1,159,381
2027	965,667	193,714	1,159,381
2028	978,123	181,258	1,159,381
2029 - 2033	4,926,077	704,508	5,630,585
2034 - 2038	5,160,894	356,821	5,517,715
2039 - 2041	2,518,985	42,813	2,561,798
Total	<u>\$ 17,370,688</u>	<u>\$ 2,136,314</u>	<u>\$ 19,507,002</u>

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan Description

The City, as authorized by the City Commission, has established a non-contributory defined benefit pension plan (The City of Cornelia Retirement Plan), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404)688-0472.

The City Commission, in its role as Plan Sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. All employees, excluding elected officials, who work thirty hours or more per week are eligible to participate in the Plan immediately upon hiring, but will not be vested until 10 years of service. Benefits are provided by the Plan whereby retirees receive between 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The Plan allows an alternative normal retirement age of 55 plus 10 years of service for public safety employees in addition to the normal retirement age of 65 plus 5 years of service. Disability benefits are paid out at 20% of an employee's current salary. Death benefits are calculated using an actuarial reserve.

As of July 1, 2023, the date the most recent actuarial valuation, there were 154 participants consisting of the following:

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Retirees and beneficiaries currently receiving benefits	40
Terminated vested participants not yet receiving benefits	25
Active employees - Vested	23
Active employees - Nonvested	66
Total	154

Funding Policy

The plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law (Georgia Code Section 47-20-10). The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Commission. For fiscal year 2023, the actuarially determined contribution rate was 9.39% of covered payroll. City contributions to the Plan were \$362,494 for the year ended December 31, 2023. Employees of the City do not contribute to the plan. For fiscal year 2024, based on July 1, 2023 actuarial valuation, the recommended contribution rate will be 9.39%.

Net Pension Liability of the City

At December 31, 2023, the City reported a liability of \$2,144,717 for its net pension liability. The City's net pension liability was measured as of July 1, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of March 31, 2023 with update procedures performed by the actuary to roll forward to the total pension liability measured as of July 1, 2023.

The changes in the components of the net pension liability of the City for the year ended December 31, 2023 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2022	\$ 7,697,283	\$ 6,508,743	\$ 1,188,540
Changes for the Year:			
Service Cost	132,112	-	132,112
Interest	560,367	-	560,367
Differences Between Expected and Actual Experience	173,356	-	173,356
Contributions - Employer	-	363,466	(363,466)
Net Investment Income	-	(433,646)	433,646
Benefit Payments (Including Refunds of Employee Contributions)	(462,405)	(462,405)	-
Administrative Expense	-	(20,162)	20,162
Other	-	-	-
Net Changes	403,430	(552,747)	956,177
Balances at December 31, 2023	\$ 8,100,713	\$ 5,955,996	\$ 2,144,717

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

For the year ended December 31, 2023, the City recognized pension expense of \$468,635. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 392,623	\$ (6,916)
Changes of Assumptions	20,528	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	252,253	-
City Contributions Subsequent to the Measurement Total	<u>271,871</u> \$ 937,275	<u>-</u> \$ (6,916)

City contributions subsequent to the measurement date of \$271,871 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:	
2024	\$ 131,648
2025	1,893
2026	285,306
2027	210,748
2028	28,893
Total	<u>\$ 658,488</u>

Actuarial Assumptions

The total pension liability in the March 31, 2023 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	3.00% -8.50%, including inflation
Investment Rate of Return	7.375%, net of pension plan investment expense, including inflation

Mortality rates were based on the Sex-distinct Pri-2012 head-count weighted mortality tables with rates multiplied by 1.25.

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity	45%	6.40%
International Equity	20%	6.80%
Real Estate	10%	3.90%
Global Fixed Income	5%	0.46%
Domestic Fixed Income	20%	0.40%
Cash	0%	
Total	100%	

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

Discount Rate – The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate 1 percentage point lower (6.375%) and 1 percentage point higher (8.375%) than the current rate.

	<u>1% Decrease (6.375%)</u>	<u>Discount Rate (7.375%)</u>	<u>1% Increase (8.375%)</u>
City's Net Pension Liability	\$ 3,192,035	\$ 2,144,717	\$ 1,276,081

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2023 and the current sharing pattern of costs between employer and employee.

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

NOTE 9 – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan (the "City of Cornelia Deferred Compensation Plan") created in accordance with Internal Revenue Code (IRC) Section 457(b). The Plan, which qualifies as a defined contribution plan, is available to all City employees immediately upon employment. Participants may elect to make pre-tax contributions and designated ROTH contributions subject to the limitations of the revenue code. As plan administrator, the City has elected to obtain the services of Mission Square Retirement as a third party service provider and plan trustee.

As required by Section 457(b) of the IRC, plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Investments are managed by the trustee under one of the available investment options, or a combination thereof. Accordingly, the assets and liabilities of the Plan are not included in the accompanying financial statements. During the year ending December 31, 2023, twenty-six participating employees contributed \$79,263 to the Plan. The City does not contribute to the Plan.

NOTE 10 – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During the year ended December 31, 2023, the City paid \$5,994 in such dues. Membership in a GMRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of a regional commission. GMRC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the GMRC. Separate financial statements may be obtained from the Georgia Mountains Regional Commission, P.O. Box 1720, Gainesville, Georgia 30503.

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as common risk management and insurance programs for member local governments.

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

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.

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

NOTE 13 – ECONOMIC DEPENDENCY/MAJOR CUSTOMERS

The City's enterprise fund for Water and Sewer services has sales to a single customer which comprises more than 10% of the total revenue for the enterprise fund. Sales to this customer for 2023 totaled \$6,984,935.

NOTE 14 – HOTEL/MOTEL OCCUPANCY TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax is assessed at 8% and, in accordance with O.C.G.A 48-13-51, the City is required to spend at least 40% of this amount for promoting tourism, conventions, trade shows and tourism product development. Currently, the City allocates 22% to the Habersham Chamber of Commerce, 21.75% to the Cornelia Hospitality and Tourism Board and 18.75% to tourism and product development. The remaining allocation of 37.5% is unrestricted funds to the City. Tax revenues were \$349,071 for the year ended December 31, 2023. Of this amount, \$257,282 was used to promote tourism with \$80,138 allocated to the Habersham Chamber of Commerce, \$79,227 allocated to the Cornelia Hospitality and Tourism Board and \$97,917 allocated to tourism and product development.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORNELIA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS
DECEMBER 31, 2023
(Unaudited)

	Fiscal Year End								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	\$ 132,112	\$ 119,181	\$ 106,053	\$ 113,386	\$ 116,244	\$ 123,705	\$ 119,441	\$ 132,015	\$ 135,964
Interest	560,367	530,910	505,773	480,362	455,367	420,470	412,683	391,838	373,883
Differences Between Expected and Actual Experience	173,356	183,413	135,138	211,620	(41,497)	264,136	(109,247)	41,837	31,586
Changes of Assumptions	-	-	-	-	-	-	-	-	(20,722)
Changes of Benefit Terms	-	-	-	-	201,429	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(462,405)	(431,642)	(406,853)	(406,167)	(384,660)	(341,379)	(303,413)	(290,041)	(288,026)
Other	-	-	-	61,584	-	84,600	-	-	-
Net Change in Total Pension Liability	403,430	401,862	340,111	460,785	346,883	551,532	119,464	275,649	232,685
Total Pension Liability, Beginning	7,697,283	7,295,421	6,955,310	6,494,525	6,147,642	5,596,110	5,476,646	5,200,997	4,968,312
Total Pension Liability, Ending (a)	\$ 8,100,713	\$ 7,697,283	\$ 7,295,421	\$ 6,955,310	\$ 6,494,525	\$ 6,147,642	\$ 5,596,110	\$ 5,476,646	\$ 5,200,997
Plan Fiduciary Net Position									
Contributions - Employer	\$ 363,466	\$ 355,005	\$ 323,797	\$ 305,261	\$ 275,320	\$ 276,436	\$ 292,183	\$ 303,520	\$ 280,513
Net Investment Income	(433,646)	378,775	1,962,637	(327,344)	169,435	533,956	484,930	12,041	340,398
Benefit Payments, Including Refunds of Employee Contributions	(462,405)	(431,642)	(406,853)	(406,167)	(384,660)	(341,379)	(303,413)	(290,041)	(288,026)
Administrative Expense	(20,162)	(16,901)	(16,237)	(17,703)	(16,848)	(17,633)	(18,916)	(11,904)	(11,120)
Other	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(552,747)	285,237	1,863,344	(445,953)	43,247	451,380	454,784	13,616	321,765
Plan Fiduciary Net Position, Beginning	6,508,743	6,223,506	4,360,162	4,806,115	4,762,868	4,311,488	3,856,704	3,843,088	3,521,323
Plan Fiduciary Net Position, Ending (b)	\$ 5,955,996	\$ 6,508,743	\$ 6,223,506	\$ 4,360,162	\$ 4,806,115	\$ 4,762,868	\$ 4,311,488	\$ 3,856,704	\$ 3,843,088
City's Net Pension Liability, Ending (a) - (b)	\$ 2,144,717	\$ 1,188,540	\$ 1,071,915	\$ 2,595,148	\$ 1,688,410	\$ 1,384,774	\$ 1,284,622	\$ 1,619,942	\$ 1,357,909
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.52%	84.56%	85.31%	62.69%	74.00%	77.47%	77.04%	70.42%	73.89%
Covered-Employee Payroll	\$ 4,386,834	\$ 3,818,213	\$ 3,467,408	\$ 3,148,348	\$ 2,963,878	\$ 2,811,394	\$ 2,769,374	\$ 2,819,555	\$ 2,672,333
City's Net Pension Liability as a Percentage of Covered-Employee Payroll	48.89%	31.13%	30.91%	82.43%	56.97%	49.26%	46.39%	57.45%	50.81%

Note: Fiscal year 2015 was the first year of implementation. Therefore, years prior to 2015 are not reported.

CITY OF CORNELIA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
LAST 10 FISCAL YEARS
DECEMBER 31, 2023
(Unaudited)

	Fiscal Year End								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 362,494	\$ 360,923	\$ 353,033	\$ 314,051	\$ 302,331	\$ 264,717	\$ 278,876	\$ 295,186	\$ 280,513
Contributions in Relation of the Actuarially Determined Contribution	362,494	360,923	353,033	314,051	302,331	265,917	279,976	296,261	281,968
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,200)</u>	<u>\$ (1,100)</u>	<u>\$ (1,075)</u>	<u>\$ (1,455)</u>
Covered-Employee Payroll	\$ 4,386,834	\$ 3,818,213	\$ 3,467,408	\$ 3,148,348	\$ 2,963,878	\$ 2,811,394	\$ 2,769,374	\$ 2,819,555	\$ 2,672,333
Contributions as a Percentage of Covered-Employee Payroll	8.26%	9.45%	10.18%	9.98%	10.20%	9.46%	10.11%	10.51%	10.55%

Actual 2023 information will be determined after the fiscal year end and will be included in the July 2023 valuation report.

Note: Fiscal year 2015 was the first year of implementation. Therefore, years prior to 2015 are not reported.

CITY OF CORNELIA, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1

Valuation Date

The actuarially determined contribution was determined as of July 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending December 31, 2024.

NOTE 2

Significant methods and assumptions used in calculating the actuarially determined calculations are as follows:

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial Assumptions:

Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	65
Mortality Rates	
Healthy retirees and beneficiaries	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25
Disabled participants	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25
Active participants, terminated vested participants, and deferred beneficiaries	Sex-distinct Pri-2012 head-count weighted Employee Mortality Table
Plan Termination Basis	1994 Group Annuity Reserving Unisex Table

NOTE 3

Changes in Benefits

There were no changes in benefit provisions in the last two fiscal years.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

**CITY OF CORNELIA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	Special Revenue Funds			Capital Projects Fund	Total Non-Major Governmental Funds
	American Rescue Plan	Hotel/Motel Tax Fund	Police Special Projects	LMIG Capital Projects	
ASSETS					
Cash and Cash Equivalents	\$ 734,531	\$ 37,538	\$ 8,166	\$ 75,283	\$ 855,518
Accounts Receivable	-	22,042	-	-	22,042
TOTAL ASSETS	<u>\$ 734,531</u>	<u>\$ 59,580</u>	<u>\$ 8,166</u>	<u>\$ 75,283</u>	<u>\$ 877,560</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 9,643	\$ -	\$ 25,786	\$ 35,429
Due to Other Funds	-	8,266	-	-	8,266
Unearned Grant Revenues	731,120	-	-	-	731,120
TOTAL LIABILITIES	<u>731,120</u>	<u>17,909</u>	<u>-</u>	<u>25,786</u>	<u>774,815</u>
FUND BALANCES					
Restricted for:					
Capital Projects	-	-	-	49,497	49,497
Grants	3,411	-	-	-	3,411
Tourism	-	41,671	-	-	41,671
Police Special Projects	-	-	8,166	-	8,166
TOTAL FUND BALANCES	<u>3,411</u>	<u>41,671</u>	<u>8,166</u>	<u>49,497</u>	<u>102,745</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 734,531</u>	<u>\$ 59,580</u>	<u>\$ 8,166</u>	<u>\$ 75,283</u>	<u>\$ 877,560</u>

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

	Special Revenue Funds			Capital Projects Fund	
	American Rescue Plan	Hotel/Motel Tax Fund	Police Special Projects	LMIG Capital Projects	Total Governmental Funds
REVENUES					
Taxes	\$ -	\$ 349,071	\$ -	\$ -	\$ 349,071
Grants	211,926	-	-	74,632	286,558
Donations	-	-	-	-	-
Interest	-	1,972	-	1,528	3,500
Miscellaneous	-	15	-	-	15
TOTAL REVENUES	<u>211,926</u>	<u>351,058</u>	<u>-</u>	<u>76,160</u>	<u>639,144</u>
EXPENDITURES					
Grant	79,498	-	-	-	79,498
Tourism	-	257,282	-	-	257,282
Police Special Projects	-	-	-	-	-
Capital Outlay	38,090	-	-	94,894	132,984
TOTAL EXPENDITURES	<u>117,588</u>	<u>257,282</u>	<u>-</u>	<u>94,894</u>	<u>469,764</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>94,338</u>	<u>93,776</u>	<u>-</u>	<u>(18,734)</u>	<u>169,380</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	(94,338)	(146,618)	-	-	(240,956)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(94,338)</u>	<u>(146,618)</u>	<u>-</u>	<u>-</u>	<u>(240,956)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>(52,842)</u>	<u>-</u>	<u>(18,734)</u>	<u>(71,576)</u>
FUND BALANCES - BEGINNING	<u>3,411</u>	<u>94,513</u>	<u>8,166</u>	<u>68,231</u>	<u>174,321</u>
FUND BALANCES - ENDING	<u>\$ 3,411</u>	<u>\$ 41,671</u>	<u>\$ 8,166</u>	<u>\$ 49,497</u>	<u>\$ 102,745</u>

NONMAJOR ENTERPRISE FUNDS

CITY OF CORNELIA, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2023

	<u>Sanitation Fund</u>	<u>Community House Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 46,944	\$ 13,425	\$ 60,369
Accounts Receivable	43,203	-	43,203
Due From Other Funds	-	12,365	12,365
TOTAL ASSETS	<u>\$ 90,147</u>	<u>\$ 25,790</u>	<u>\$ 115,937</u>
NONCURRENT ASSETS			
Capital Assets:			
Land and Improvement	-	-	-
Construction In Progress	-	-	-
Depreciable Assets, net of Accumulated Depreciation	83,730	694,235	777,965
TOTAL NONCURRENT ASSETS	<u>83,730</u>	<u>694,235</u>	<u>777,965</u>
TOTAL ASSETS	<u>173,877</u>	<u>720,025</u>	<u>893,902</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	28,118	-	28,118
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>28,118</u>	<u>-</u>	<u>28,118</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 201,995</u>	<u>\$ 720,025</u>	<u>\$ 922,020</u>
LIABILITIES			
Accounts Payable	\$ 2,579	\$ 1,799	\$ 4,378
Accrued Liabilities	1,401	-	1,401
Compensated Absences	588	-	588
Due to Other Funds	-	-	-
Financed Purchases	20,680	-	20,680
TOTAL LIABILITIES	<u>25,248</u>	<u>1,799</u>	<u>27,047</u>
NONCURRENT LIABILITIES			
Customer Deposits Payable	-	14,600	14,600
Notes Payable	-	-	-
Net Pension Liability	64,342	-	64,342
TOTAL NONCURRENT LIABILITIES	<u>64,342</u>	<u>14,600</u>	<u>78,942</u>
TOTAL LIABILITIES	<u>89,590</u>	<u>16,399</u>	<u>105,989</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	207	-	207
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>207</u>	<u>-</u>	<u>207</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>89,797</u>	<u>16,399</u>	<u>106,196</u>
NET POSITION			
Net Invested in Capital Assets	63,050	694,235	757,285
Restricted for Capital Projects	-	-	-
Unrestricted	49,148	9,391	58,539
TOTAL NET POSITION	<u>112,198</u>	<u>703,626</u>	<u>815,824</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 201,995</u>	<u>\$ 720,025</u>	<u>\$ 922,020</u>

CITY OF CORNELIA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Sanitation Fund	Community House Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Sanitation Fees	\$ 412,166	\$ -	\$ 412,166
Rent	-	63,650	63,650
TOTAL OPERATING REVENUES	<u>412,166</u>	<u>63,650</u>	<u>475,816</u>
OPERATING EXPENSES			
Personnel Services and Benefits	132,363	-	132,363
Purchased and Contracted Services	261,757	-	261,757
Supplies and Equipment	29,280	23,947	53,227
Depreciation	30,484	35,160	65,644
TOTAL OPERATING EXPENSES	<u>453,884</u>	<u>59,107</u>	<u>512,991</u>
OPERATING INCOME (LOSS)	<u>(41,718)</u>	<u>4,543</u>	<u>(37,175)</u>
NON-OPERATING REVENUES (EXPENSES)			
Capital Grants	-	-	-
Miscellaneous Revenue (Expenses)	-	-	-
Gain/(Loss) on Sale of Assets	24,200	-	24,200
Interest and Investment Revenue	721	633	1,354
Interest Expense	(1,421)	-	(1,421)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>23,500</u>	<u>633</u>	<u>24,133</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(18,218)</u>	<u>5,176</u>	<u>(13,042)</u>
Capital Grants and Contributions	73,543	719,376	792,919
Transfers In	117,575	14,075	131,650
Transfers Out	(60,703)	(35,000)	(95,703)
CHANGE IN NET POSITION	<u>112,197</u>	<u>703,627</u>	<u>815,824</u>
NET POSITION - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 112,197</u>	<u>\$ 703,627</u>	<u>\$ 815,824</u>

CITY OF CORNELIA, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Sanitation Fund	Community House Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 368,963	\$ 65,885	\$ 434,848
Payments to Suppliers	(288,458)	(22,148)	(310,606)
Payments to or on Behalf of Employees	(93,943)	-	(93,943)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(13,438)	43,737	30,299
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers From Other Funds	117,575	14,075	131,650
Transfers to Other Funds	(60,702)	(35,000)	(95,702)
Loans to Other Funds	-	-	-
Loans from Other Funds	-	-	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	56,873	(20,925)	35,948
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grant Received for Capital Purchases	-	-	-
Capital Contributions	-	-	-
Transfers From Other Funds	-	-	-
Proceeds from Notes Payable	-	-	-
Principal Payments on Finance Purchase	(19,991)	-	(19,991)
Proceeds from Sale of Assets	24,200	-	24,200
Purchases of Capital Assets	-	(10,020)	(10,020)
Interest Paid	(1,421)	-	(1,421)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	2,788	(10,020)	(7,232)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earned	721	633	1,354
NET CASH USED FOR INVESTING ACTIVITIES	721	633	1,354
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	46,944	13,425	60,369
CASH AND CASH EQUIVALENTS - BEGINNING	-	-	-
CASH AND CASH EQUIVALENTS - ENDING	\$ 46,944	\$ 13,425	\$ 60,369
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (41,718)	\$ 4,543	\$ (37,175)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation Expense	30,484	35,160	65,644
(Increase) decrease in assets and deferred outflows of resources:			
Receivables	(43,203)	-	(43,203)
Due from Other Funds	-	(12,365)	(12,365)
Deferred Outflows from Pension Items	(28,118)	-	(28,118)
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts Payables	2,579	1,799	4,378
Accrued Liabilities	1,401	-	1,401
Compensated Absences	588	-	588
Customer Deposits Payable	-	14,600	14,600
Net Pension Liability	64,342	-	64,342
Deferred Inflows for Pension Items	207	-	207
Net Cash Provided by Operating Activities	\$ (13,438)	\$ 43,737	\$ 30,299
Note: Below is a reconciliation of the Non Cash Activity:			
Capital Contribution of Capital Assets (from General Fund):			
Capital Assets	\$ 336,552	\$ 1,473,690	\$ 1,810,242
Less Accumulated Depreciation	(222,338)	(754,314)	(976,652)
Net Capital Contribution	114,214	719,376	833,590
Distribution of Finance Purchase (from General Fund)	(40,671)	-	(40,671)
Net Non Cash Activity	\$ 73,543	\$ 719,376	\$ 792,919

GENERAL FUND

CITY OF CORNELIA, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,908,988	\$ 2,624,428
Taxes Receivables, net	2,181,328	1,874,429
Other Receivables	13,722	93,217
Due From Other Funds	183,100	333,031
Prepaid Items	-	-
Investments	-	-
TOTAL ASSETS	<u>\$ 5,287,138</u>	<u>\$ 4,925,105</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 104,227	\$ 162,774
Accrued Liabilities	98,345	90,412
Customer Deposits	-	12,365
Due to Other Funds	12,365	-
Unearned Property Tax Revenue	2,391,181	1,806,711
Unearned Revenue	-	24,098
TOTAL LIABILITIES	<u>2,606,118</u>	<u>2,096,360</u>
 FUND BALANCES		
Non-Spendable:		
Prepaid Items	-	-
Unassigned Reported in:		
General Fund	<u>2,681,020</u>	<u>2,828,745</u>
TOTAL FUND BALANCES	<u>2,681,020</u>	<u>2,828,745</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,287,138</u>	<u>\$ 4,925,105</u>

CITY OF CORNELIA, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
REVENUES		
Taxes:		
Property	\$ 1,993,572	\$ 1,996,135
Intangible and Transfer	9,241	18,306
Franchise	613,291	517,493
Alcoholic Beverages	291,442	283,296
Insurance Premiums	400,224	392,588
Business Taxes	160,591	107,468
Licenses and Permits	170,208	172,080
Charges for Services	90,815	547,071
Fines and Forfeitures	351,475	258,671
Grants	-	-
Intergovernmental	3,180	422,558
Investment Earnings	-	-
Other Revenues	3,745	15,581
TOTAL REVENUES	<u>4,087,784</u>	<u>4,731,247</u>
EXPENDITURES		
Current:		
General Government	111,893	90,033
City Manager	350,905	330,510
Human Resources	119,492	129,808
Public Safety Admin	196,094	-
Police and Court Services	2,049,195	2,202,048
Fire	1,309,042	2,014,914
Streets and Sanitation	652,390	638,504
Public Buildings and Library	36,000	36,000
Recreation	32,305	48,400
Planning	240,022	108,321
Debt Service:		
Principal	11,039	51,517
Interest	86	3,271
TOTAL EXPENDITURES	<u>5,108,463</u>	<u>5,653,326</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,020,679)</u>	<u>(922,079)</u>
OTHER FINANCING SOURCES AND USES		
Proceeds from Sale of Assets	387	128,228
Insurance Proceeds	31,805	40,303
Financed Purchases	-	422,601
Transfers In	1,544,884	1,160,280
Transfers Out	(704,122)	(457,000)
TOTAL OTHER FINANCING SOURCES AND USES	<u>872,954</u>	<u>1,294,412</u>
NET CHANGES IN FUND BALANCES	(147,725)	372,333
FUND BALANCES - BEGINNING (as originally stated)	2,828,745	4,040,887
Prior Period Adjustment	-	(1,584,475)
FUND BALANCES - BEGINNING (Restated)	<u>2,828,745</u>	<u>2,456,412</u>
FUND BALANCES - ENDING	<u>\$ 2,681,020</u>	<u>\$ 2,828,745</u>

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

SPECIAL REVENUE FUNDS

CITY OF CORNELIA, GEORGIA
AMERICAN RESCUE PLAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 734,531	\$ 1,130,007
Accounts Receivable	-	-
TOTAL ASSETS	<u>\$ 734,531</u>	<u>\$ 1,130,007</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ -	\$ 11,873
Due to Other Funds	-	171,677
Unearned Grant Revenues	731,120	943,046
TOTAL LIABILITIES	<u>731,120</u>	<u>1,126,596</u>
 FUND BALANCES		
Restricted for:		
Grants	3,411	3,411
TOTAL FUND BALANCES	<u>3,411</u>	<u>3,411</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 734,531</u>	<u>\$ 1,130,007</u>

CITY OF CORNELIA, GEORGIA
 AMERICAN RESCUE PLAN SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2023

(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Final	Actual	Variance	Actual
REVENUES				
Grants	\$ 459,250	\$ 211,926	\$ (247,324)	\$ 500,517
Interest	-	-	-	-
TOTAL REVENUES	<u>459,250</u>	<u>211,926</u>	<u>(247,324)</u>	<u>500,517</u>
EXPENDITURES				
General Government	99,500	69,123	30,377	4,821
Streets and Sanitation	75,000	48,465	26,535	148,245
Water and Sewer	-	-	-	-
Community Development	-	-	-	-
TOTAL EXPENDITURES	<u>174,500</u>	<u>117,588</u>	<u>56,912</u>	<u>153,066</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>284,750</u>	<u>94,338</u>	<u>190,412</u>	<u>347,451</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(284,750)	(94,338)	190,412	(347,452)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(284,750)</u>	<u>(94,338)</u>	<u>190,412</u>	<u>(347,452)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
FUND BALANCES - BEGINNING	<u>3,411</u>	<u>3,411</u>	<u>3,411</u>	<u>3,412</u>
FUND BALANCES - ENDING	<u>\$ 3,411</u>	<u>\$ 3,411</u>	<u>\$ 3,411</u>	<u>\$ 3,411</u>

CITY OF CORNELIA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 37,538	\$ 87,869
Accounts Receivable	<u>22,042</u>	<u>27,351</u>
TOTAL ASSETS	<u><u>\$ 59,580</u></u>	<u><u>\$ 115,220</u></u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 9,643	\$ 11,150
Due to Other Funds	<u>8,266</u>	<u>9,557</u>
TOTAL LIABILITIES	<u><u>17,909</u></u>	<u><u>20,707</u></u>
 FUND BALANCES		
Restricted for:		
Tourism	<u>41,671</u>	<u>94,513</u>
TOTAL FUND BALANCES	<u><u>41,671</u></u>	<u><u>94,513</u></u>
 TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 59,580</u></u>	<u><u>\$ 115,220</u></u>

CITY OF CORNELIA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Final	Actual	Variance	Actual
REVENUES				
Taxes	\$ 350,500	\$ 349,071	\$ 1,429	\$ 372,300
Interest	-	1,972	1,972	595
Miscellaneous		15		-
TOTAL REVENUES	<u>350,500</u>	<u>351,058</u>	<u>3,401</u>	<u>372,895</u>
EXPENDITURES				
Tourism	257,945	257,282	663	200,715
TOTAL EXPENDITURES	<u>257,945</u>	<u>257,282</u>	<u>663</u>	<u>200,715</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>92,555</u>	<u>93,776</u>	<u>2,738</u>	<u>172,180</u>
OTHER FINANCING SOURCES (USES)				
Prior Year Fund Balance	58,870	-	-	-
Transfers In	-	-	-	-
Transfers Out	(151,425)	(146,618)	4,807	(138,272)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(92,555)</u>	<u>(146,618)</u>	<u>4,807</u>	<u>(138,272)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>(52,842)</u>	<u>7,545</u>	<u>33,908</u>
FUND BALANCES - BEGINNING	<u>60,605</u>	<u>94,513</u>	<u>60,605</u>	<u>60,605</u>
FUND BALANCES - ENDING	<u>\$ 60,605</u>	<u>\$ 41,671</u>	<u>\$ 68,150</u>	<u>\$ 94,513</u>

CITY OF CORNELIA, GEORGIA
POLICE SPECIAL PROJECTS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 8,166	\$ 8,166
Accounts Receivable	-	-
TOTAL ASSETS	<u>\$ 8,166</u>	<u>\$ 8,166</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
 FUND BALANCES		
Restricted for:		
Police Special Projects	8,166	8,166
TOTAL FUND BALANCES	<u>8,166</u>	<u>8,166</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,166</u>	<u>\$ 8,166</u>

CITY OF CORNELIA, GEORGIA
POLICE SPECIAL PROJECTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Donations	\$ -	\$ 100
TOTAL REVENUES	<u>-</u>	<u>100</u>
EXPENDITURES		
Police Special Projects	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>100</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	100
FUND BALANCES - BEGINNING	<u>8,166</u>	<u>8,066</u>
FUND BALANCES - ENDING	<u>\$ 8,166</u>	<u>\$ 8,166</u>

CAPITAL PROJECTS FUNDS

CITY OF CORNELIA, GEORGIA
LOCAL MAINTENANCE AND IMPROVEMENT GRANT
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 75,283	\$ 68,231
Accounts Receivable	-	-
TOTAL ASSETS	<u>\$ 75,283</u>	<u>\$ 68,231</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 25,786	\$ -
Unearned Grant Revenues	-	-
TOTAL LIABILITIES	<u>25,786</u>	<u>-</u>
 FUND BALANCES		
Restricted for:		
Capital Projects	<u>49,497</u>	<u>68,231</u>
TOTAL FUND BALANCES	<u>49,497</u>	<u>68,231</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 75,283</u>	<u>\$ 68,231</u>

CITY OF CORNELIA, GEORGIA
LOCAL MAINTENANCE AND IMPROVEMENT GRANT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Grants	\$ 74,632	\$ 69,189
Interest	1,528	362
TOTAL REVENUES	<u>76,160</u>	<u>69,551</u>
EXPENDITURES		
Road Capital Improvements	94,894	65,189
TOTAL EXPENDITURES	<u>94,894</u>	<u>65,189</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,734)</u>	<u>4,362</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(18,734)	4,362
FUND BALANCES - BEGINNING	<u>68,231</u>	<u>63,869</u>
FUND BALANCES - ENDING	<u>\$ 49,497</u>	<u>\$ 68,231</u>

CITY OF CORNELIA, GEORGIA
MUNICIPAL COMPLEX CAPITAL PROJECTS
COMPARATIVE BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 550,972	\$ 482,413
TOTAL ASSETS	<u>\$ 550,972</u>	<u>\$ 482,413</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
 FUND BALANCES		
Restricted for:		
Capital Outlay Projects	550,972	482,413
TOTAL FUND BALANCES	<u>550,972</u>	<u>482,413</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 550,972</u>	<u>\$ 482,413</u>

CITY OF CORNELIA, GEORGIA
MUNICIPAL COMPLEX CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Intergovernmental	\$ -	\$ -
Interest	9,703	3,010
TOTAL REVENUES	<u>9,703</u>	<u>3,010</u>
EXPENDITURES		
Public Buildings & Library	660	560
Debt Service:		
Principal	180,000	175,000
Interest	465,438	470,688
TOTAL EXPENDITURES	<u>646,098</u>	<u>646,248</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(636,395)</u>	<u>(643,238)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	704,954	516,167
Transfers Out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>704,954</u>	<u>516,167</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	68,559	(127,071)
FUND BALANCES - BEGINNING	<u>482,413</u>	<u>609,484</u>
FUND BALANCES - ENDING	<u>\$ 550,972</u>	<u>\$ 482,413</u>

**CITY OF CORNELIA, GEORGIA
SPLOST VI CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 46,804
Accounts Receivable	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 46,804</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
 FUND BALANCES		
Restricted for:		
Capital Outlay Projects	<u>-</u>	<u>46,804</u>
TOTAL FUND BALANCES	<u>-</u>	<u>46,804</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 46,804</u>

CITY OF CORNELIA, GEORGIA
SPLOST VI CAPITAL PROJECTS FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
SPLOST	\$ -	\$ -
Interest	226	645
TOTAL REVENUES	<u>226</u>	<u>645</u>
EXPENDITURES		
Streets and Sidewalks	47,012	391,234
Community Facilities	-	36,921
Sewer	-	-
TOTAL EXPENDITURES	<u>47,012</u>	<u>428,155</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(46,786)</u>	<u>(427,510)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	(18)	(33,874)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(18)</u>	<u>(33,874)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(46,804)	(461,384)
FUND BALANCES - BEGINNING	<u>46,804</u>	<u>508,188</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 46,804</u>

CITY OF CORNELIA, GEORGIA
SPLOST VII CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 755,963	\$ 696,767
Accounts Receivable	197,873	189,067
TOTAL ASSETS	<u>\$ 953,836</u>	<u>\$ 885,834</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 6,000	\$ 10,323
TOTAL LIABILITIES	<u>6,000</u>	<u>10,323</u>
 FUND BALANCES		
Restricted for:		
Capital Outlay Projects	947,836	875,511
TOTAL FUND BALANCES	<u>947,836</u>	<u>875,511</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 953,836</u>	<u>\$ 885,834</u>

CITY OF CORNELIA, GEORGIA
SPLOST VII CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
SPLOST	\$ 1,094,796	\$ 1,039,911
Interest	18,706	5,256
TOTAL REVENUES	<u>1,113,502</u>	<u>1,045,167</u>
EXPENDITURES		
General Government	-	41,671
Public Safety	-	50,925
Roads, Streets and Bridges	408,246	367,048
Debt Service:		
Principal	278,404	274,289
Interest	21,516	25,630
TOTAL EXPENDITURES	<u>708,166</u>	<u>759,563</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>405,336</u>	<u>285,604</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	18	-
Transfers Out	(333,029)	(59,167)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(333,011)</u>	<u>(59,167)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	72,325	226,437
FUND BALANCES - BEGINNING	<u>875,511</u>	<u>649,074</u>
FUND BALANCES - ENDING	<u>\$ 947,836</u>	<u>\$ 875,511</u>

ENTERPRISE FUNDS

CITY OF CORNELIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 6,900,455	\$ 6,422,402
Accounts Receivable, net	944,228	647,144
Due From Other Funds	-	39,250
Investments	1,449,490	1,445,513
TOTAL CURRENT ASSETS	9,294,173	8,554,309
NONCURRENT ASSETS		
Capital Assets:		
Land and Improvement	7,500	7,500
Construction In Progress	1,621,475	1,287,940
Depreciable Assets, net of Accumulated Depreciation	54,498,185	54,121,684
TOTAL NONCURRENT ASSETS	56,127,160	55,417,124
TOTAL ASSETS	65,421,333	63,971,433
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Items	449,892	323,031
TOTAL DEFERRED OUTFLOWS OF RESOURCES	449,892	323,031
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 65,871,225	\$ 64,294,464
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 232,885	\$ -
Accrued Liabilities	91,402	188,689
Accrued Interest Payable	27,678	28,946
Compensated Absences	174,822	127,289
Due to Other Funds	174,834	200,929
Notes Payable	927,810	915,532
TOTAL CURRENT LIABILITIES	1,629,431	1,461,385
NONCURRENT LIABILITIES		
Customer Deposits Payable	99,623	84,837
Notes Payable	22,881,790	23,785,734
Net Pension Liability	1,029,464	546,728
TOTAL NONCURRENT LIABILITIES	24,010,877	24,417,299
TOTAL LIABILITIES	25,640,308	25,878,684
DEFERRED INFLOWS OF RESOURCES		
Pension Related Items	3,320	289,484
TOTAL DEFERRED INFLOWS OF RESOURCES	3,320	289,484
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	25,643,628	26,168,168
NET POSITION		
Net Invested in Capital Assets	32,317,560	30,715,858
Restricted for Capital Projects	5,618,559	5,790,841
Unrestricted	2,291,478	1,619,597
TOTAL NET POSITION	40,227,597	38,126,296
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 65,871,225	\$ 64,294,464

CITY OF CORNELIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Water Sales	\$ 4,656,238	\$ 4,556,927
Sewer Fees	5,802,398	5,386,896
Fines and Surcharges	80,745	82,732
Water and Sewer Taps	185,957	309,367
Miscellaneous Receipts	259,330	34,214
TOTAL OPERATING REVENUES	<u>10,984,668</u>	<u>10,370,136</u>
OPERATING EXPENSES		
Personnel Services and Benefits	3,234,217	2,766,620
Purchased and Contracted Services	1,892,083	2,638,072
Supplies and Equipment	1,581,818	1,343,287
Depreciation	1,683,305	1,680,559
Miscellaneous	27,549	26,140
TOTAL OPERATING EXPENSES	<u>8,418,972</u>	<u>8,454,678</u>
OPERATING INCOME (LOSS)	<u>2,565,696</u>	<u>1,915,458</u>
NON-OPERATING REVENUES (EXPENSES)		
Capital Grants	-	-
Gain/(Loss) on Sale of Assets	8,662	-
Interest and Investment Revenue	112,230	31,297
Interest Expense	<u>(338,749)</u>	<u>(380,994)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(217,857)</u>	<u>(349,697)</u>
INCOME (LOSS) BEFORE TRANSFERS	2,347,839	1,565,761
Capital Grants and Contributions	967,392	25,000
Insurance Refunds and Recoveries	9,570	-
Transfers In	211,541	248,899
Transfers Out	<u>(1,435,041)</u>	<u>(889,580)</u>
CHANGE IN NET POSITION	<u>2,101,301</u>	<u>950,080</u>
NET POSITION - BEGINNING (as originally stated)	38,126,296	38,410,425
Prior Period Adjustment	-	<u>(1,234,209)</u>
NET POSITION - BEGINNING (Restated)	<u>38,126,296</u>	<u>37,176,216</u>
NET POSITION - ENDING	<u>\$ 40,227,597</u>	<u>\$ 38,126,296</u>

CITY OF CORNELIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 10,741,621	\$ 11,014,367
Payments to Suppliers	(3,295,927)	(4,072,840)
Payments to or on Behalf of Employees	(3,214,263)	(2,540,562)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>4,231,431</u>	<u>4,400,965</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers From Other Funds	-	-
Transfers to Other Funds	(1,435,041)	(889,580)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>(1,435,041)</u>	<u>(889,580)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant Received for Capital Purchases	967,392	25,000
Capital Contributions	-	-
Transfers From Other Funds	211,541	248,899
Proceeds from Notes Payable	23,866	9,196
Principal Payments on Note Payables	(915,532)	(903,421)
Proceeds from Insurance Refunds and Recoveries	9,570	
Proceeds from Sale of Assets	8,663	
Purchases of Capital Assets	(2,393,341)	(1,671,992)
Interest Paid	(338,749)	(352,048)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,426,590)</u>	<u>(2,644,366)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificate to Deposit	(3,977)	(1,445,513)
Interest Earned	112,230	25,016
NET CASH USED FOR INVESTING ACTIVITIES	<u>108,253</u>	<u>(1,420,497)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	478,053	(553,478)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>6,422,402</u>	<u>6,975,880</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 6,900,455</u>	<u>\$ 6,422,402</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 2,565,696	\$ 1,915,458
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation Expense	1,683,305	1,680,559
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	(297,084)	(24,708)
Other Receivables	-	-
Due from Other Funds	39,250	668,938
Deferred Outflows for Pension Items	(126,861)	(43,787)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts Payables	232,884	(254,715)
Accrued Liabilities	(97,288)	125,630
Accrued Interest Payable	(1,268)	-
Compensated Absences	47,533	100,428
Customer Deposit Payables	14,786	16,087
Due to Other Funds	(26,094)	200,928
Net Pension Liability	482,736	103,670
Deferred Inflows for Pension Items	(286,164)	(87,523)
Net Cash Provided by Operating Activities	<u>\$ 4,231,431</u>	<u>\$ 4,400,965</u>

**CITY OF CORNELIA, GEORGIA
STORMWATER FUND
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 308,730	\$ 89,653
Accounts Receivable, net	34,455	40,511
Due From Other Funds	-	9,882
TOTAL CURRENT ASSETS	<u>343,185</u>	<u>140,046</u>
NONCURRENT ASSETS		
Capital Assets:		
Land and Improvement	69,569	69,569
Construction In Progress	284,513	353,808
Depreciable Assets, net of Accumulated Depreciation	1,181,547	811,756
TOTAL NONCURRENT ASSETS	<u>1,535,629</u>	<u>1,235,133</u>
TOTAL ASSETS	<u>1,878,814</u>	<u>1,375,179</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Items	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,878,814</u>	<u>\$ 1,375,179</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 21	\$ 435
TOTAL CURRENT LIABILITIES	<u>21</u>	<u>435</u>
TOTAL LIABILITIES	<u>21</u>	<u>435</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related Items	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>21</u>	<u>435</u>
NET POSITION		
Net Invested in Capital Assets	1,535,629	1,235,133
Unrestricted	343,164	139,611
TOTAL NET POSITION	<u>1,878,793</u>	<u>1,374,744</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,878,814</u>	<u>\$ 1,375,179</u>

CITY OF CORNELIA, GEORGIA
STORMWATER FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Stormwater Fees	\$ 359,117	\$ 301,015
TOTAL OPERATING REVENUES	<u>359,117</u>	<u>301,015</u>
OPERATING EXPENSES		
Purchased and Contracted Services	3,473	8,502
Supplies and Equipment	22,558	-
Depreciation	48,983	22,475
TOTAL OPERATING EXPENSES	<u>75,014</u>	<u>30,977</u>
OPERATING INCOME (LOSS)	<u>284,103</u>	<u>270,038</u>
NON-OPERATING REVENUES (EXPENSES)		
Capital Grants	-	-
Interest and Investment Revenue	4,125	963
Miscellaneous Revenue (Expenses)	-	-
Interest Expense	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,125</u>	<u>963</u>
INCOME (LOSS) BEFORE TRANSFERS	288,228	271,001
Capital Grants and Contributions	-	-
Transfers In	273,862	-
Transfers Out	(58,041)	-
CHANGE IN NET POSITION	<u>504,049</u>	<u>271,001</u>
NET POSITION - BEGINNING (as originally stated)	1,374,744	1,113,971
Prior Period Adjustment	-	(10,228)
NET POSITION - BEGINNING (Restated)	<u>1,374,744</u>	<u>1,103,743</u>
NET POSITION - ENDING	<u><u>\$ 1,878,793</u></u>	<u><u>\$ 1,374,744</u></u>

CITY OF CORNELIA, GEORGIA
STORMWATER FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 375,055	\$ 281,817
Payments to Suppliers	(26,445)	(37,078)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	348,610	244,739
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers From Other Funds	-	-
Transfers to Other Funds	(58,041)	-
Loans to Other Funds	-	-
Loans from Other Funds	-	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(58,041)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant Received for Capital Purchases	-	-
Capital Contributions	-	-
Transfers From Other Funds	273,862	-
Proceeds from Notes Payable	-	-
Principal Payments on Note Payables	-	-
Purchases of Capital Assets	(349,479)	(592,608)
Interest Paid	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(75,617)	(592,608)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earned	4,125	963
NET CASH USED FOR INVESTING ACTIVITIES	4,125	963
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	219,077	(346,906)
CASH AND CASH EQUIVALENTS - BEGINNING	89,653	436,559
CASH AND CASH EQUIVALENTS - ENDING	\$ 308,730	\$ 89,653
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 284,103	\$ 270,038
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation Expense	48,983	22,475
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	6,056	(11,432)
Due from Other Funds	9,882	(7,766)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts Payables	(414)	(28,576)
Net Cash Provided by Operating Activities	\$ 348,610	\$ 244,739

CITY OF CORNELIA, GEORGIA
 CORNELIA WATER AND SEWER AUTHORITY
 COMPARATIVE STATEMENT OF NET POSITION
 DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 84	\$ 70,124
Accounts Receivable, net	-	-
Due From Other Funds	-	-
Investments	-	-
TOTAL CURRENT ASSETS	<u>84</u>	<u>70,124</u>
NONCURRENT ASSETS		
Capital Assets:		
Land and Improvement	-	-
Construction In Progress	-	-
Depreciable Assets, net of Accumulated Depreciation	8,047,617	8,269,682
TOTAL NONCURRENT ASSETS	<u>8,047,617</u>	<u>8,269,682</u>
TOTAL ASSETS	<u>\$ 8,047,701</u>	<u>\$ 8,339,806</u>
LIABILITIES		
CURRENT LIABILITIES		
Notes Payable - Current	\$ -	\$ 98,756
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>98,756</u>
NON-CURRENT LIABILITIES		
Notes Payable - Long-Term	-	-
TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>98,756</u>
NET POSITION		
Net Invested in Capital Assets	8,047,617	8,170,926
Unrestricted	84	70,124
TOTAL NET POSITION	<u>8,047,701</u>	<u>8,241,050</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 8,047,701</u>	<u>\$ 8,339,806</u>

CITY OF CORNELIA, GEORGIA
CORNELIA WATER AND SEWER AUTHORITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Rent	\$ 30,000	\$ 705,797
TOTAL OPERATING REVENUES	<u>30,000</u>	<u>705,797</u>
OPERATING EXPENSES		
Costs of Sales and Services	8	6
Personal Services	-	-
Depreciation	222,065	222,064
TOTAL OPERATING EXPENSES	<u>222,073</u>	<u>222,070</u>
OPERATING INCOME (LOSS)	<u>(192,073)</u>	<u>483,727</u>
NON-OPERATING REVENUES (EXPENSES)		
Capital Grants	-	-
Interest and Investment Revenue	-	-
Miscellaneous Revenue (Expenses)	-	-
Interest Expense	(1,276)	(15,152)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(1,276)</u>	<u>(15,152)</u>
INCOME (LOSS) BEFORE TRANSFERS	(193,349)	468,575
Capital Grants and Contributions	-	-
Transfers In	-	-
Transfers Out	-	-
CHANGE IN NET POSITION	<u>(193,349)</u>	<u>468,575</u>
NET POSITION - BEGINNING (as originally stated)	8,241,050	7,791,745
Prior Period Adjustment	-	(19,270)
NET POSITION - BEGINNING (Restated)	<u>8,241,050</u>	<u>7,772,475</u>
NET POSITION - ENDING	<u>\$ 8,047,701</u>	<u>\$ 8,241,050</u>

CITY OF CORNELIA, GEORGIA
CORNELIA WATER AND SEWER AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 30,000	\$ 705,797
Payments to Suppliers	(8)	(6)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>29,992</u>	<u>705,791</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers From Other Funds	-	-
Transfers to Other Funds	-	-
Loans to Other Funds	-	-
Loans from Other Funds	-	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant Received for Capital Purchases	-	-
Capital Contributions	-	-
Transfers From Other Funds	-	-
Proceeds from Notes Payable	-	-
Principal Payments on Note Payables	(98,756)	(666,570)
Purchases of Capital Assets	-	-
Interest Paid	(1,276)	(15,152)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(100,032)</u>	<u>(681,722)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earned	-	-
NET CASH USED FOR INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(70,040)	24,069
CASH AND CASH EQUIVALENTS - BEGINNING	<u>70,124</u>	<u>46,055</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 84</u>	<u>\$ 70,124</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ (192,073)	\$ 483,727
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation Expense	222,065	222,064
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	-	-
Due from Other Funds	-	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts Payables	-	-
Net Cash Provided by Operating Activities	<u>\$ 29,992</u>	<u>\$ 705,791</u>

STATE SECTION

CITY OF CORNELIA, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Estimated Cost	Revised Estimated Cost	Prior Years Cumulative Expenditures	Current Year Expenditures	Total Cumulative Expenditures	Estimated Percentage of Completion
SPLOST VI						
Streets and Sidewalks	\$ 2,347,370	\$ 2,553,585	\$ 2,504,461	\$ 47,030	\$ 2,551,491	100%
Community Facilities	650,000	686,213	686,212	-	686,212	100%
Water	300,000	-	-	-	-	
Sewer	590,698	305,000	303,497	-	303,497	100%
Public Safety	1,050,000	1,440,300	1,440,235	-	1,440,235	100%
TOTAL SPLOST VI	<u>\$ 4,938,068</u>	<u>\$ 4,985,098</u>	<u>\$ 4,934,405</u>	<u>\$ 47,030</u>	<u>\$ 4,981,435</u>	

	Original Estimated Cost	Revised Estimated Cost	Prior Years Cumulative Expenditures	Current Year Expenditures	Total Cumulative Expenditures	Estimated Percentage of Completion
SPLOST VII						
Community Facilities	\$ 1,295,000	\$ 1,295,000	\$ 135,352	\$ -	\$ 135,352	10%
Public Safety	2,475,000	2,475,000	350,844	299,920	650,764	26%
Roads	1,527,174	1,527,174	384,428	741,257	1,125,685	74%
TOTAL SPLOST VII	<u>\$ 5,297,174</u>	<u>\$ 5,297,174</u>	<u>\$ 870,624</u>	<u>\$ 1,041,177</u>	<u>\$ 1,911,801</u>	

OVERALL NOTES:

The above schedules have been prepared using the modified accrual basis of accounting. Original estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Taxes. Revised estimated costs represent the project costs funded from Special Purpose Local Option Sales Taxes, as well as local, federal and state sources. Actual costs that are in excess of these amounts have been financed with funds from local sources.

COMPLIANCE SECTION

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, Members of the
City Commission and City Manager
of the City of Cornelia, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Cornelia, Georgia (the "City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-1 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City of Cornelia, Georgia's Response to Findings

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

Purpose of This Report

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

Mixon, Mixon, Brown & Tench, CPAs

Mixon, Mixon, Brown & Tench, CPAs
Cornelia, Georgia
June 28, 2024

***Independent Auditor's Report On Compliance For Each Major Program
And On Internal Control Over Compliance Required By The Uniform Guidance***

To the Honorable Mayor, Members of the
City Commission and City Manager
Of the City of Cornelia, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Cornelia, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Cornelia, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Mixon, Mixon, Brown & Tench, CPAs

Mixon, Mixon, Brown & Tench, CPAs
Cornelia, Georgia
June 28, 2024

CITY OF CORNELIA, GEORGIA
SCHEDULE OF FEDERAL EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	TOTAL FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development			
Pass-through Georgia Department of Community Affairs:			
Community Development Block Grant	14.228	21P-X-068-2-6194	\$ 750,000
Community Development Block Grant	14.228	22P-X-068-2-6276	217,392
Total U.S. Department of Housing and Urban Development			<u>967,392</u>
U.S. Department of Treasury			
Pass-through The Office of the Governor of Georgia:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	211,926
Total U.S. Department of Treasury			<u>211,926</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,179,318</u>

The accompanying notes are an integral part of this Schedule.

CITY OF CORNELIA, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Cornelia, Georgia under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended and does not present the financial position, changes in net assets, or cash flows of the City.

In instances where the grant agreement requires the City to match grant awards with local funds, such matching funds are excluded in the accompanying Schedule of Expenditures of Federal Awards.

Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report. These programs are operated according to Federal regulations promulgated by the Federal agency providing the funding.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – DE MINIMIS INDIRECT COST RATE

The City did not use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE D – PAYMENTS TO SUBRECIPIENTS

For the current fiscal year, the City of Cornelia, Georgia did not pass federal funds through to subrecipients.

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

Section I – Summary of Audit Results

Financial Statements

Type of Auditor's Report Issued:		Unmodified
Internal Control over Financial Reporting:		
Material Weaknesses Identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Significant Deficiencies Identified not considered Material Weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance Material to Financial Statements Noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal Control over Major Programs:			
Material Weaknesses Identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Significant Deficiencies Identified not considered Material Weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported	
Type of Auditor's Report Issued on Compliance for Major Federal Programs:		Unmodified	
Any Audit Findings Disclosed That Are Required to be Reported in Accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Identification of Major Federal Programs:			
CFDA Number(s)	Name of Federal Program or Cluster		
21.027	Coronavirus State and Local Fiscal Recovery Funds		
14.228	U. S. Department of Housing and Urban Development's Community Development Block Grant		
Dollar Threshold used to Distinguish Between Type A and Type B Programs:	Type A	<u>\$750,000</u>	Type B <u>\$ 187,500</u>
Auditee Qualified as a Low-Risk Auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	

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

Section II – Financial Statement Findings and Responses

Current Year Audit Findings

Finding 2023-1 – Inadequate Monitoring and Oversight

Criteria: An effective internal control system includes establishing oversight and performing monitoring activities of financial reporting systems to ensure accuracy and completeness.

Condition: An significant expenditure and correlating revenue was not recorded on the City's books in the Water & Sewer Fund.

Cause: The City had issued a bank check out of its newly opened bank account. Although the City had the supporting documentation for the expense, an entry was not recorded in the general ledger. In addition, the error was also not discovered during the monthly bank reconciliation process.

Effects: Failure to record this entry led to an understatement of the City's Construction in Progress and Grant revenues for the Water & Sewer Fund in the amount of \$217,392.

Recommendation: We recommend that the City establish effective monitoring and oversight procedures to ensure accuracy and completeness in its financial reporting.

Auditee's Response: We agree with the auditor's comments and the following actions will be taken to improve oversight. We will incorporate and communicate changes to our bank reconciliations procedures to ensure all accounts are being reconciled and appropriately reviewed.

Status of Prior Year Audit Findings

Finding 2022-1 – Bank Reconciliation and Posting all Transactions in General Ledger

Criteria: To ensure accuracy in financial reporting and in safeguarding of assets, all of the City's bank accounts should be reconciled and all transactions reported in the general ledger in the appropriate period.

Condition: The City has one bank account that is not being reconciled on a monthly basis and transactions are not being recorded in the general ledger until year end. For another bank account, the bank reconciliation is performed manually on a monthly basis; however, transactions are not recorded in the general ledger. The City currently relies on the external auditor for proper reporting of this account.

Auditee's Response/Status: Resolved.

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

Finding 2022-2 – Inadequate Monitoring and Oversight for Capital Assets

Criteria: An effective internal control system includes establishing oversight and performing monitoring activities of financial reporting systems to ensure accuracy and completeness.

Condition: For the year ended December 31, 2022, the City discovered that its capital assets for the Water and Sewer Enterprise fund and its Governmental activities were overstated.

Auditee's Response/Status: Resolved.

Finding 2022-3 – Inadequate Monitoring and Oversight for Property Tax Receivables and Unearned Tax Revenue

Criteria: An effective internal control system includes establishing oversight and performing monitoring activities of financial reporting systems to ensure accuracy and completeness.

Condition: The City's discovered that its property tax receivables and correlating tax revenues were not being reported properly in its general ledger.

Auditee's Response/Status: Resolved.

Section III – Federal Award Findings and Questioned Costs

The audit of the basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.