

CITY OF CORNELIA
CORNELIA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2021

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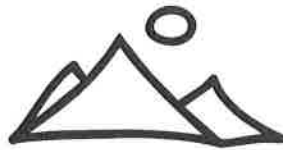
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INDEPENDENT AUDITOR'S REPORT

Joseph Duncan, CPA
Joe Kitchens, CPA



DUNCAN & KITCHENS, LLC
Certified Public Accountants

Members of
American Institute and
Georgia Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Commissioners
City of Cornelia, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of The City of Cornelia, Georgia, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Cornelia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, based on our audit and the report of other auditors, 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 aggregate discretely presented component units, each major fund and the aggregate remaining fund information of The City of Cornelia, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Budget Comparison Schedule and the Schedule of Changes in Net Pension Liability, and Schedule of Contributions on pages 46-52 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 statement, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The City of Cornelia, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental budgetary comparison schedules, and state reporting section with the schedule of expenditures of special purpose local option sales proceeds as required by Official Code of Georgia 48-8-121, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the supplemental budgetary comparison schedules, and the state reporting section with the special purpose local option sales tax report (the supplementary information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other record used to prepare the basic financial statements. Such 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 financial statements and schedules, and the state reporting section with special purpose local option sales tax report are fairly stated in all material respects in relation to the financial statements as a whole.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Cornelia, Georgia's basic financial statements for the year ended December 31, 2020, which are not presented with the accompanying financial statements. In our report dated, June 18, 2021, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, 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 of Cornelia, Georgia's basic financial statements as a whole. The individual fund financial statements and schedules, related to the 2020 financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2022, on our consideration of the City of Cornelia, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 of Cornelia, Georgia'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 of Cornelia's internal control over financial reporting.

Duncan & Kitchens, CPAs

Duncan & Kitchens, LLC
Certified Public Accountants
Clarksville, Georgia
June 17, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



CITY OF CORNELIA, GEORGIA
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2021

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, 2021. 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 2021 are as follows:

- ❖ The City of Cornelia's combined net position totaled **\$59,440,027**. Of this amount, unrestricted net position of **\$11,428,834** may be used to meet the city's ongoing obligations to citizens and creditors.
- ❖ Total net position increased by **\$1,936,079** during the most recent fiscal year.
- ❖ At the close of Fiscal Year 2021, the city's governmental funds reported combined ending fund balances of **\$12,123,886**. Of this amount **\$3,591,739** or 30% is available for spending at the government's discretion (unassigned fund balance). The balance of **\$8,532,147** or 70% is available for spending according to the guidelines of the source of the funds.
- ❖ At the close of the fiscal year, the City of Cornelia's assets in its major business-type activities, Water/Sewer and Stormwater exceeded its liabilities by **\$47,316,141**. Of this amount, **\$7,837,095**, or 17% is unrestricted and available to meet the city's ongoing obligations to its customers and creditors.

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 and stormwater utilities.

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 2014 SPLOST Fund, and the Capital Project Fund which are major funds.

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, and its stormwater 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, 2021 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 **\$59,440,027** at the close of the most recent fiscal year.

The largest portion of the city's net position **\$46,108,495** or 78% 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 **\$1,902,698** or 3%. Unrestricted net position, which may be used to meet the city's ongoing obligations to its citizens and creditors, is **\$11,428,834** or 19%.

City of Cornelia, Georgia							
Net Position							
	Governmental Activities		Business Activities		Total		
	2021	2020	2021	2020	2021	2020	
Assets:							
Current and other assets	\$ 7,792,740	\$ 7,637,954	\$ 8,820,313	\$ 9,197,000	\$ 16,613,053	\$ 16,834,954	
Capital assets	19,367,229	16,854,820	65,820,594	63,032,474	85,187,823	79,887,294	
Total Assets	27,159,969	24,492,774	74,640,907	72,229,474	101,800,876	96,722,248	
Deferred Outflows:							
Pension	396,346	658,040	279,244	463,619	675,590	1,121,659	
Total Assets and and Deferred Outflows	27,556,315	25,150,814	74,920,151	72,693,093	102,476,466	97,843,907	
Liabilities:							
Long-term liabilities	13,140,019	12,975,517	25,824,447	25,924,916	38,964,466	38,900,433	
Other liabilities	1,754,728	541,425	1,402,556	861,830	3,157,284	1,403,255	
Total Liabilities:	14,894,747	13,516,942	27,227,003	26,786,746	42,121,750	40,303,688	
Deferred Inflows:							
Pension	535,107	37,593	377,007	26,486	912,114	64,079	
Total Liabilities and and Deferred Inflows	15,429,854	13,554,535	27,604,010	26,813,232	43,033,864	40,367,767	
Net Position:							
Invested in capital assets	6,629,449	5,182,011	39,479,046	37,440,236	46,108,495	42,622,247	
Restricted	1,902,698	3,444,622			1,902,698	3,444,622	
Unrestricted	3,591,739	2,969,646	7,837,095	8,439,625	11,428,834	11,409,271	
Total Net Position	\$ 12,123,886	\$ 11,596,279	\$ 47,316,141	\$ 45,879,861	\$ 59,440,027	\$ 57,476,140	

City of Cornelia, Georgia
Statement of Activities

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
<i>Program Revenues:</i>						
Charges for Services	951,934	885,578	10,339,749	10,198,843	11,291,683	11,084,421
Operating grants	20,165	262,248			20,165	262,248
Capital grants	1,364,736	1,206,325	403,027	1,444,805	1,767,763	2,651,130
<i>General Revenues:</i>						
Property taxes	1,998,944	1,848,075			1,998,944	1,848,075
Other taxes	1,398,586	1,315,523			1,398,586	1,315,523
Investment earnings	11,635	66,835	27,335		38,970	66,835
Other	61,537	151,662			61,537	151,662
Total Revenue	5,807,537	5,736,246	10,770,111	11,643,648	16,577,648	17,379,894
Expenses						
General government	1,490,880	1,068,346			1,490,880	1,068,346
Public Safety	2,919,613	3,027,512			2,919,613	3,027,512
Culture and recreation	67,737	108,711			67,737	108,711
Streets and sanitation	977,266	536,570			977,266	536,570
Public building and library	60,355				60,355	
Planning department	106,814	108,711			106,814	108,711
Interest on long-term debt	477,139	482,437			477,139	482,437
Water and Sewer			8,236,516	7,400,172	8,236,516	7,400,172
Stormwater			14,492	6,761	14,492	6,761
Cornelia Water & Sewer Authority			256,243	271,990	256,243	271,990
Total Expenses	6,099,804	5,332,287	8,507,251	7,678,923	14,607,055	13,011,210
Increases in net assets before transfers						
Transfers	535,107	37,593	377,007	26,486	912,114	64,079
Increase (decrease) in net position						
	365,285	1,069,821	1,605,308	3,331,469	1,970,593	4,401,290
Net Position, beginning of year	11,758,601	10,526,458	45,710,833	42,548,392	57,469,434	53,074,850
Net Position, end of year	12,123,886	11,596,279	47,316,141	45,879,861	59,440,027	57,476,140

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, increased the city's net position by **\$365,285**.

Revenues. **\$3,397,530**, collected in general tax revenues, made up approximately 82% of the city's total general governmental revenues. The city received **\$956,126** in special purpose sales tax monies which are reflected as capital contributions. During the current fiscal year, Governmental Activities received transfers in of **\$657,552**.

Expenses. The total expenses for governmental activities were **\$6,099,804**. The largest single expenditure activity is in public safety, which totaled **\$2,919,613** or 48%. Public Safety consists of the police and fire departments. General Government accounted for **\$1,012,975** or 17% of all expense in governmental activities. Public works accounts for **\$977,266** or 16% of all expense in governmental activities.

Business Activities. Business-type activities increased the City of Cornelia's net position by **\$1,605,308**. The Water and Sewer Department, the largest of the city's three business-type activities, accounted for 96% of the expenses and 90% of the revenues among business-type activities.

Revenues. Water and sewer revenues were **\$9,331,059**. Stormwater revenues were **\$302,893**. revenues were **\$705,797**. 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.

Expenses. Water and Sewer expenses were **\$8,236,516**. Stormwater expenses were **\$14,492**. Cornelia Water and Sewer Authority expenses were **\$256,243**. Business–Type Activities transfers out totaled **\$657,552**.

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 **\$5,943,585**. Of this amount **\$4,040,887** constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance **\$1,902,698** 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 **\$4,040,887**. 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 **\$4,040,887**. Total general fund expenditures for the current year were **\$5,710,411**. Unassigned fund balance of **\$4,040,887** represents approximately 71% 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 **\$7,352,297** at December 31, 2021; those of the Stormwater Fund amounted to **\$438,743**; and those of the Cornelia Water and Sewer Authority amounted to **\$46,055**. The total increase in Water and Sewer net position was **\$866,982**; the increase in Stormwater net position was **\$288,772**; and the increase in the Cornelia Water and Sewer Authority net position was **\$449,554**.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City spent **\$1,253,951** less than the total budgeted general fund expenditures.

Actual revenues were less than budgeted revenues in the general fund by **\$304,230**. This was due to a budgeted FEMA grant that was not earned or received until 2022.

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, 2021 amounts to **\$46,108,495** (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 2014 and 2021 special purpose sales tax referendums. These funds are maintained, as required by Georgia law, in a separate 2014 and 2021 SPLOST capital projects funds. The City expends these tax monies and other funding sources for water and sewer improvements, transportation, parks and recreation, 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 2021, the City recognized **\$776,921** in depreciation for the governmental activities and **\$4,777,217** in depreciation for the business-type activities.

City of Cornelia, Georgia				
Capital Assets (net of depreciation)				
	Governmental Activities		Business Activities	
	2021	2020	2021	2020
<i>Land</i>	360,005	360,005	779,593	779,593
<i>Construction in Progress</i>	717,687	-		
<i>Building</i>	13,360,360	12,347,546	2,039,731	1,022,653
<i>Equipment</i>	96,473	84,129	1,694,625	1,827,649
<i>Fire Equipment</i>	894,505	387,204		
<i>Police Equipment</i>	323,397	(26,910)		
<i>Sanitation and Streets</i>	532,738	585,883		
<i>Streetscape</i>	3,082,064	3,116,972		
<i>Water Plant</i>			34,071,947	31,870,729
<i>Sewer Plant</i>			5,864,320	6,640,067
<i>Water and Sewer System</i>			28,703,776	20,891,783
Total Assets	19,367,229	16,854,829	73,153,992	63,032,474

Long-Term Debt. At the end of the current fiscal year, the Urban Renewal Development Agency of the City of Cornelia had a Series 2019 Revenue Bond outstanding balance of **\$21,355,475**. The City had notes payable due to GEFA and South State Bank for **\$27,629,387**. Obligations under capital lease for the city were **\$105,965**. Net pension liability in Governmental activities and Business-type activities totaled **\$1,071,915**.

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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<i>2019 Bonds Payable</i>	11,155,000	11,325,000		
<i>2019 Premium on Bonds</i>	188,976	194,703		
<i>Notes Payable</i>	1,287,839		26,341,548	25,592,238
<i>Obligations Under</i>				
<i>Capital Lease</i>	105,965	153,106		
<i>Net Pension Liability</i>	628,857	1,168,707	443,058	1,072,662
Total Debt	13,366,637	12,841,516	26,784,606	26,664,900

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The fiscal year 2022 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 five percent utility rate increase was incorporated in the 2022 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 2022 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 2022.

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@corneliageorgia.org.

BASIC FINANCIAL STATEMENTS

**CITY OF CORNELIA, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS AND DEFERRED				
OUTFLOWS OF RESOURCES				
Current Assets				
Cash	\$ 5,718,060	\$ 7,458,494	\$ 13,176,554	\$ 9,375
Taxes Receivable	1,829,355		1,829,355	-
Accounts Receivable	245,325	651,515	896,840	-
Due from other funds		710,304	710,304	
Total Current Assets	<u>7,792,740</u>	<u>8,820,313</u>	<u>16,613,053</u>	<u>9,375</u>
Noncurrent Assets				
Non-Depreciable	1,077,692	779,593	1,857,285	-
Depreciable Assets, Net	18,289,537	65,041,001	83,330,538	-
Total Noncurrent Assets	<u>19,367,229</u>	<u>65,820,594</u>	<u>85,187,823</u>	<u>-</u>
TOTAL ASSETS	<u>27,159,969</u>	<u>74,640,907</u>	<u>101,800,876</u>	<u>9,375</u>
Deferred Outflows of Resources	<u>396,346</u>	<u>279,244</u>	<u>675,590</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 27,556,315</u>	<u>\$ 74,920,151</u>	<u>\$ 102,476,466</u>	<u>\$ 9,375</u>
LIABILITIES AND DEFERRED				
INFLOWS OF RESOURCES				
Current Liabilities				
Accounts Payable	\$ 126,163	\$ 283,727	\$ 409,890	\$ -
Accrued Payroll	86,127	63,059	149,186	-
Unearned Revenue	569,161		569,161	
Compensated absences	31,957	26,861	58,818	
Payroll Taxes Withheld	4,398		4,398	
Due to other funds	710,304		710,304	
Lease Payable- Current Portion	51,618		51,618	
Bonds Payable-Current Portion	175,000		175,000	
Current Portion of Long-Term Debt		1,028,909	1,028,909	-
Total Current Liabilities	<u>1,754,728</u>	<u>1,402,556</u>	<u>3,157,284</u>	<u>-</u>
Noncurrent Liabilities				
Water Deposits		68,750	68,750	
Lease Payable	54,347		54,347	
Bonds Payable	11,168,976		11,168,976	
Long-Term Notes Payable	1,287,839	25,312,639	26,600,478	-
Net Pension Obligation	628,857	443,058	1,071,915	
Total Noncurrent Liabilities	<u>13,140,019</u>	<u>25,824,447</u>	<u>38,964,466</u>	<u>-</u>
TOTAL LIABILITIES	<u>14,894,747</u>	<u>27,227,003</u>	<u>42,121,750</u>	<u>-</u>
Deferred Inflows of Resources	<u>535,107</u>	<u>377,007</u>	<u>912,114</u>	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>15,429,854</u>	<u>27,604,010</u>	<u>43,033,864</u>	<u>-</u>
NET POSITION				
Net Investment in				
Capital Assets	6,629,449	39,479,046	46,108,495	-
Restricted for:				
Capital Projects	1,830,615		1,830,615	9,375
Police Special Projects	8,066		8,066	
Grant Specific Projects	3,412		3,412	
Tourism and Promotion	60,605		60,605	
Unrestricted Assets	3,591,739	7,837,095	11,428,834	
TOTAL NET POSITION	<u>\$ 12,123,886</u>	<u>\$ 47,316,141</u>	<u>\$ 59,440,027</u>	<u>\$ 9,375</u>

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

EXHIBIT 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities					
General Government	\$ 1,012,975	\$ 196,126	\$ 20,165	\$ 57,676	\$ (739,008)
Executive	349,996				(349,996)
Human Resources	127,909				(127,909)
Police	1,807,011	208,851		46,624	(1,551,536)
Fire	1,112,602	71,935		36,880	(1,003,787)
Streets & Sanitation	977,266	363,354		1,224,807	610,895
Recreation Department	67,737	40,145			(27,592)
Public Buildings and Library	60,355				(60,355)
Planning Department	106,814	71,523			(35,291)
Interest on long-term debt	477,139				(477,139)
Total Governmental Activities	<u>6,099,804</u>	<u>951,934</u>	<u>20,165</u>	<u>1,365,987</u>	<u>(3,761,718)</u>
Business-type Activities					
Water and Sewer Fund	8,236,516	9,331,059		403,027	1,497,570
Stormwater Fund	14,492	302,893			288,401
Water and Sewer Authority	256,243	705,797			449,554
Total Business-type Activities	<u>8,507,251</u>	<u>10,339,749</u>		<u>403,027</u>	<u>2,235,525</u>
Total Primary Government	<u>14,607,055</u>	<u>11,291,683</u>	<u>20,165</u>	<u>1,769,014</u>	<u>(1,526,193)</u>
Component Unit					
Downtown Development Authority	9,054				(9,054)
Primary Government					
		Governmental Activities	Business-Type Activities	Total	Component Unit
Change in Net Position					
Net (expense) revenue		\$ (3,761,718)	\$ 2,235,525	\$ (1,526,193)	\$ (9,054)
General Revenues:					
Taxes:					
Property		1,998,944		1,998,944	
Franchise		501,090		501,090	
Motel Tax		343,579		343,579	
Beer and Wine		206,145		206,145	
Insurance Premium		347,772		347,772	
Unrestricted Investment Earnings		10,384	27,335	37,719	
Intergovernmental		34,514		34,514	
Gain (Loss) on Sale of Assets		6,988		6,988	
Miscellaneous		20,035		20,035	
Donations					5,092
Transfers		657,552	(657,552)		
Total General Revenues and Transfers		<u>4,127,003</u>	<u>(630,217)</u>	<u>3,496,786</u>	<u>5,092</u>
Change in net position		365,285	1,605,308	1,970,593	(3,962)
Net Position Beginning (as originally stated)		11,596,279	45,879,861	57,476,140	13,337
Prior Period Adjustment		162,322	(169,028)	(6,706)	
Net Position Beginning (restated)		<u>11,758,601</u>	<u>45,710,833</u>	<u>57,469,434</u>	<u>13,337</u>
Net Position - End of Year as		<u>\$ 12,123,886</u>	<u>\$ 47,316,141</u>	<u>\$ 59,440,027</u>	<u>\$ 9,375</u>

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

EXHIBIT 3

	GENERAL FUND	MUNICIPAL COMPLEX CAPITAL PROJECTS	SPLOST VI CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	\$ 3,410,422	\$ 609,484	\$ 511,963	\$ 1,186,191	\$ 5,718,060
Taxes Receivable	1,829,355				1,829,355
Accounts Receivable	48,960			196,365	245,325
TOTAL ASSETS	<u>\$ 5,288,737</u>	<u>\$ 609,484</u>	<u>\$ 511,963</u>	<u>\$ 1,382,556</u>	<u>\$ 7,792,740</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 96,594	\$	\$ 3,775	\$ 28,369	\$ 128,738
Accrued Payroll	86,127				86,127
Payroll Taxes Withheld and Accrued	4,398				4,398
Due to Other Funds	710,304			569,161	710,304
Unearned revenue					569,161
TOTAL LIABILITIES	<u>897,423</u>		<u>3,775</u>	<u>597,530</u>	<u>1,498,728</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	350,427				350,427
FUND BALANCE					
Restricted for:					
Capital Outlay Projects		609,484	508,188	712,943	1,830,615
Police Special Projects				8,066	8,066
Grant Specific Projects				3,412	3,412
Tourism and Promotion				60,605	60,605
Unassigned	4,040,887				4,040,887
TOTAL FUND BALANCE	<u>4,040,887</u>	<u>609,484</u>	<u>508,188</u>	<u>785,026</u>	<u>5,943,585</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	<u>\$ 5,288,737</u>	<u>\$ 609,484</u>	<u>\$ 511,963</u>	<u>\$ 1,382,556</u>	<u>\$ 7,792,740</u>

The accompanying notes are an integral part of this statement.

**CITY OF CORNELIA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

EXHIBIT 3A

Adjustments to the Statement of Net Position	
Fund Balance	\$ 5,943,585
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds	19,367,229
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds	
Property Taxes	350,427
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet but are reported in the government-wide Statement of Net Position	
Net Pension Liability	(628,857)
Compensated Absences	(31,957)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund financial statements, but are reported in the government-wide Statement of Net Position	
Deferred Outflows - Pensions	396,346
Deferred Inflows - Pensions	(535,107)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Net Position of Governmental Activities (Exhibit "1")	<u>(12,737,780)</u>
	<u>\$ 12,123,886</u>

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

EXHIBIT 4

	GENERAL FUND	MUNICIPAL COMPLEX CAPITAL PROJECTS	SPLOST VI CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes					
Property	\$ 1,933,996	\$	\$	\$	\$ 1,933,996
Franchise	501,090				501,090
Motel				343,579	343,579
Beer and Wine	206,145				206,145
Insurance Premium	347,772				347,772
License and Permits	196,126				196,126
Charges for Services	552,389				552,389
Fines and Forfeitures	203,420				203,420
Interest Income	5,744	4,565	1,094	232	11,635
Intergovernmental		34,514			34,514
Special Purpose Local Option Sales Tax	55,790		255,325	700,801	956,126
Grants	14,809			372,985	428,775
Miscellaneous	4,017,281	39,079	256,419	5,217	20,026
TOTAL REVENUE					
		39,079	256,419	1,422,814	5,735,593
EXPENDITURES					
Current:					
General Government	26,167			209,879	236,046
Executive	398,265				398,265
Human Resources	130,742				130,742
Police Department	2,431,314			2,575	2,433,889
Fire Department	1,856,365		897,230		1,856,365
Streets and Sanitation	594,763				1,491,993
Public Buildings and Library	41,250	1,171,309		55,790	1,268,349
Recreation Department	67,737				67,737
Planning Department	111,802		269,623		111,802
Water and Sewer Projects					269,623
Debt Service					
Principal Retirement	47,141				217,141
Interest and Fiscal Charges	4,865				481,213
TOTAL EXPENDITURES					
	5,710,411	1,817,657	1,166,853	268,244	8,963,165
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(1,693,130)	(1,778,578)	(910,434)	1,154,570	(3,227,572)
OTHER FINANCING SOURCES (USES)					
Sale of Assets	6,988				6,988
Capital Lease Proceeds	1,286,185				1,286,185
Interfund Transfers	677,762	410,450		(430,660)	657,552
TOTAL OTHER FINANCING SOURCES (USES)					
	1,970,935	410,450		(430,660)	1,950,725
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES (USES) OVER (UNDER) EXPENDITURES					
	277,805	(1,368,128)	(910,434)	723,910	(1,276,847)
FUND BALANCE (as originally stated)					
Prior Period Adjustment	3,613,488	1,977,612	1,418,622	48,388	7,058,110
FUND BALANCE (resated)					
	149,594	1,977,612	1,418,622	12,728	162,322
	3,763,082			61,116	7,220,432
FUND BALANCE - END OF YEAR					
	\$ 4,040,887	\$ 609,484	\$ 508,188	\$ 785,026	\$ 5,943,585

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

EXHIBIT 4

Adjustments to the Statement of Activities	
Net Change in Fund Balance	\$ (1,276,847)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$6,396,394) exceeded depreciation (\$661,240)</p>	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,224,570
Repayment of debt principal is an expenditure in the governmental funds, but the repayment debt principal 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 repayments	64,948
Some expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Pension Expense	222,868
Compensated Absences	134,422
	<u>(4,677)</u>
Change in net position of governmental activities (Exhibit 2)	<u>\$ 365,284</u>

The accompanying notes are an integral part of this statement.

**CITY OF CORNELIA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021**

EXHIBIT 5

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	WATER AND SEWER FUND	STORMWATER FUND	CORNELIA WATER AND SEWER AUTHORITY	TOTAL
CURRENT ASSETS				
Cash	\$ 6,975,880	\$ 436,559	\$ 46,055	\$ 7,458,494
Accounts Receivable	622,436	29,079		651,515
Due from other funds	708,188	2,116		710,304
Total Current Assets	<u>8,306,504</u>	<u>467,754</u>	<u>46,055</u>	<u>8,820,313</u>
NON-CURRENT ASSETS				
Capital Assets				
Assets not being depreciated	779,593			779,593
Asset being depreciated	76,459,507	688,750	11,103,212	88,251,469
Accumulated Depreciation	(20,585,480)	(13,522)	(2,611,466)	(23,210,468)
Total Non-Current Assets	<u>56,653,620</u>	<u>675,228</u>	<u>8,491,746</u>	<u>65,820,594</u>
Total Assets	<u>64,960,124</u>	<u>1,142,982</u>	<u>8,537,801</u>	<u>74,640,907</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Assets and Deferred Outflows of Resources	<u>\$ 65,239,368</u>	<u>\$ 1,142,982</u>	<u>\$ 8,537,801</u>	<u>\$ 74,920,151</u>
 LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
CURRENT LIABILITIES				
Accounts Payable	\$ 254,716	\$ 29,011	\$	\$ 283,727
Accrued Payroll	63,059			63,059
Compensated Absences	26,861			26,861
Current Portion of Notes Payable	903,421		125,488	1,028,909
Total Current Liabilities	<u>1,248,057</u>	<u>29,011</u>	<u>125,488</u>	<u>1,402,556</u>
NON-CURRENT LIABILITIES				
Water Deposits	68,750			68,750
Long-term Notes Payable	24,692,071		620,568	25,312,639
Net Pension Liability	443,058			443,058
Total Non-current Liabilities	<u>25,203,879</u>	<u></u>	<u>620,568</u>	<u>25,824,447</u>
Total Liabilities	<u>26,451,936</u>	<u>29,011</u>	<u>746,056</u>	<u>27,227,003</u>
DEFERRED INFLOWS OF RESOURCES				
Total Liabilities and Deferred Inflows of Resources	<u>377,007</u>	<u></u>	<u></u>	<u>377,007</u>
Total Liabilities and Deferred Inflows of Resources	<u>26,828,943</u>	<u>29,011</u>	<u>746,056</u>	<u>27,604,010</u>
 NET POSITION				
Net Investment in Capital Assets	31,058,128	675,228	7,745,690	39,479,046
Unrestricted	7,352,297	438,743	46,055	7,837,095
Net Position	<u>\$ 38,410,425</u>	<u>\$ 1,113,971</u>	<u>\$ 7,791,745</u>	<u>\$ 47,316,141</u>

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA **EXHIBIT 6**
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	WATER AND SEWER FUND	STORMWATER FUND	CORNELIA WATER AND SEWER AUTHORITY	TOTAL
OPERATING REVENUES				
Water Sales	\$ 4,281,945	\$	\$	\$ 4,281,945
Sewer Fees	4,890,784			4,890,784
Fines and Surcharges	375	302,893		303,268
Water and Sewer Taps	152,056			152,056
Rent			705,797	705,797
Miscellaneous Receipts	5,899			5,899
TOTAL OPERATING REVENUES	9,331,059	302,893	705,797	10,339,749
 OPERATING EXPENSES - By Department				
Administration	420,707			420,707
Water Plant	1,316,559			1,316,559
Disposal Plant	2,138,978			2,138,978
Water & Sewer System - Crew	1,022,994			1,022,994
Maintenance and Mechanical	1,577,006	7,731		1,584,737
Depreciation	1,760,272	6,761	222,064	1,989,097
 TOTAL OPERATING EXPENSES	8,236,516	14,492	222,064	8,473,072
 OPERATING INCOME	1,094,543	288,401	483,733	1,866,677
 NON-OPERATING REVENUES (EXPENSE)				
Interest Income	26,964	371		27,335
Interest Expense			(34,179)	(34,179)
TOTAL NON-OPERATING INCOME (EXPENSE)	26,964	371	(34,179)	(6,844)
 INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,121,507	288,772	449,554	1,859,833
Transfers In (Out)	(657,552)			(657,552)
Capital Grants	120,910			120,910
Capital Contributions	282,117			282,117
 CHANGE IN NET POSITION	866,982	288,772	449,554	1,605,308
 NET POSITION - BEGINNING OF YEAR (as originally stated)	37,704,636	825,199	7,350,026	45,879,861
Prior period adjustment	(161,193)		(7,835)	(169,028)
NET POSITION - BEGINNING OF YEAR (restated)	37,543,443	825,199	7,342,191	45,710,833
 NET POSITION - END OF YEAR	\$ 38,410,425	\$ 1,113,971	\$ 7,791,745	\$ 47,316,141

The accompanying notes are an integral part of this statement.

**CITY OF CORNELIA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

EXHIBIT 7

	WATER AND SEWER FUND	STORMWATER FUND	CORNELIA WATER AND SEWER AUTHORITY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 9,331,059	\$ 313,981	\$ 705,797	\$ 10,350,837
Payments to Suppliers	(4,979,526)			(4,979,526)
Payments to Employees	(1,812,636)			(1,812,636)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,538,897</u>	<u>313,981</u>	<u>705,797</u>	<u>3,558,675</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer(To) From other funds	(657,552)			(657,552)
NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>(657,552)</u>			<u>(657,552)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Grants	120,910			120,910
Capital Contributions	282,117			282,117
Intergovernmental				
Note Proceeds	2,031,899			2,031,899
Principal Paid on Notes	(618,555)		(671,869)	(1,290,424)
Interest Paid			(34,179)	(34,179)
Acquisition Of Capital Assets	(4,592,052)	(185,165)		(4,777,217)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,775,681)</u>	<u>(185,165)</u>	<u>(706,048)</u>	<u>(3,666,894)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Earned	26,964	371		27,335
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>26,964</u>	<u>371</u>		<u>27,335</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(867,372)	129,187	(251)	(738,436)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>7,843,252</u>	<u>307,372</u>	<u>46,306</u>	<u>8,196,930</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,975,880</u>	<u>\$ 436,559</u>	<u>\$ 46,055</u>	<u>\$ 7,458,494</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ 1,094,543	\$ 288,401	\$ 483,733	\$ 1,866,677
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities				
Depreciation	\$ 1,760,272	\$ 6,761	\$ 222,064	\$ 1,989,097
(Increase) Decrease in Accounts Receivable	69,770	(8,076)		61,694
(Increase) Decrease in Grants Receivable				
(Increase) Decrease in Other Receivable	161,988			
(Increase) Decrease in Due from Other funds	(708,188)			
(Increase) Decrease in Deferred Outflows	184,375			184,375
(Increase) Decrease in Due from Other funds		(2,116)		
Increase (Decrease) in Customer Deposits	18,775			18,775
Increase (Decrease) in Accounts Payable	219,866	29,011		248,877
Increase (Decrease) in Accrued Payroll	13,500			13,500
Increase (Decrease) in Compensated absences	3,079			3,079
Increase (Decrease) in Net Pension Liability	(629,604)			(629,604)
Increase (Decrease) in Deferred Inflows	350,521			350,521
TOTAL ADJUSTMENTS	<u>1,444,354</u>	<u>25,580</u>	<u>222,064</u>	<u>1,691,998</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,538,897</u>	<u>\$ 313,981</u>	<u>\$ 705,797</u>	<u>\$ 3,558,675</u>

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government Unit

The City of Cornelia (the “City”) was incorporated under the laws of the State of Georgia in 1887 and operates under an elected mayor-commission form of Government. The City’s combined financial statements include the accounts of all the City’s operations.

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

The more significant of the City’s accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statement 14, “The Financial Reporting Entity” and GASB Statement 39 “Determining Whether Certain Organizations are Component Units”. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of organizations governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

Blended Component Units: - Blended component units, although legally separate entities, are, in substance, part of the Government’s operations.

City of Cornelia Water and Sewer Authority – On October 23, 2012, the City of Cornelia created the City of Cornelia Water and Sewer Authority, 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 of Cornelia Commission. The authority is blended with the Water and Sewer Enterprise fund since all services benefit the City of Cornelia. Separate financial statements are not issued for the Authority.

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 Board of Directors at will and has the ability to hire and dismiss the personnel responsible for the daily operations of the URA. The Urban Redevelopment Agency of the City of Cornelia provides a means to issue revenue bonds with the City. Although it is legally separate from the City, the URA is reported as if it were part of the primary government because all of the URA’s debt is expected to be repaid by the City. The URA’s financial information is maintained by the City’s Finance Department. However separate financial statements are not prepared.

Discretely Presented Component Units: - Discretely presented component units are reported in a separate column in the combined financial statements to emphasize it is legally separate from the Government.

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – (Continued)

Cornelia Downtown Development Authority – The Cornelia Downtown Development Authority (CDDA) was created through a resolution from the Cornelia City Commission in 1982 and was reactivated in the summer of 2011. The CDDA was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of ten members appointed by the City Commission and three ex-officio members. The Downtown Development Authority provides for the vitalization of the downtown area of the City of Cornelia.

The City of Cornelia Downtown Development Authority is reported in a separate column. Separate financial statements are not issued for the Authority.

Related organizations:

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. The City has no significant influence over the management, budget, or policies of the Cornelia Housing Authority. The Authority reports independently.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities and fund financial statements, which provide a more detailed level of financial information.

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 primary government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Individual funds are not displayed. The statements distinguish between governmental activities, generally supported by taxes, intergovernmental revenues, and other non-exchange transactions and business-type activities, which are generally financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial position of the governmental and business type activities of the City at year end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities, for identifiable activity of the business-type activities of the City. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. These revenues are subject to externally imposed restrictions to these program uses.

For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted*.

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – (Continued)

Taxes and other revenue sources not properly included with the program revenues are reported as general revenues of the City. The comparison between direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting – The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Funds

Governmental Funds are those through which most of the governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

The *General Fund* is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. The General Fund is considered a major fund for reporting purposes.

The Municipal Complex Fund accounts for the funds of the City's Urban Redevelopment Agency. This is a blended component unit and is considered a major fund for reporting purposes.

The *SPLOST VI Capital Projects Fund* accounts for the funds from the City's share of the Habersham County Special Purpose Local Option Sales Tax. The SPLOST VI Fund is considered a major fund for reporting purposes.

The *Special Revenue Funds* account for revenues derived from specific sources (other than capital projects) that are restricted by legal and regulatory provisions to finance specific activities. The Special revenue funds are not considered a major fund for reporting purposes.

Proprietary Fund: The Government reports the following proprietary funds:

The City reports the following major enterprise funds:

The Water and Sewer Enterprise Fund- This fund is used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Cornelia.

The City of Cornelia Water and Sewer Authority- This is a legally separate entity that is reported as blended with the Water and Sewer Enterprise Fund since all services benefit the City of Cornelia.

The Stormwater Enterprise Fund- This fund is used to account for activities connected with the storm water impact surcharge fund.

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – (Continued)

C. Measurement Focus, Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included in the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual method and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues- Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the calendar year which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current calendar year. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year end.

Revenues – Non-exchange Transactions – Non-exchange transactions, in which the City receives value without directly giving equal value in return, includes sales tax, property taxes, grants and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the calendar year for which the taxes are levied. Revenue from grants and donations is recognized in the calendar year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specific the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days for property taxes and other non-exchange transactions) before it can be recognized.

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – (Continued)

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales tax, special assessments, and federal and state grants.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

D. Assets, Liabilities and Equity

Cash and Investments - Cash and cash equivalents include amounts in demand and time deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. Cash and cash equivalents are reported on the balance sheets, statements of net position and in cash flow statements. State statutes authorize the City to invest in the following types of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government Agency
- Obligations of any corporation of the United States Government
- Prime Bankers acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund 1)
- Obligations of the other political subdivisions of the State of Georgia

1. Receivables

Levied property taxes are recorded as receivables and recognized as revenue in the year they become due. The levy is made on assessed valuations as of January 1, and the taxes are due on December 20 of each year. The tax bills are mailed at least 60 days prior to the due date. The billings are considered past due 60 days after the tax billings date or December 20, whichever is later, at which time the applicable property is subject to lien, and penalties are assessed.

All trade and property tax receivables are shown net of an allowance for uncollectible, where applicable.

2. Interfund Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal 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 governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

3. Inventories

The cost of supplies is recorded as expenditure at the time the individual items are purchased. The amount of inventory on hand is insignificant and therefore not recorded.

4. 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. The City capitalizes asset purchases valued at \$5,000 or more. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the Proprietary Fund are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis. All fixed assets are valued at historical cost or estimated

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – (Continued)

historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, 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 operations.

Major outlays of capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed.

Infrastructure (roads, bridges, and traffic lights) acquired prior to January 1, 2000, have not been reported.

5. *Compensated Absences*

It is the City's policy to permit employees to accumulate up to 40 hours of earned but unused vacation benefits, which will be paid to employees upon separation from City service, as outlined in the employee policy manual. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The liability of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the liability has matured and is expected to be liquidated with expendable and available financial resources.

6. *Accrued Liabilities and Long-term Obligations*

The City reports long-term debt of governmental activities at face value in the Government-wide Statement of Net Assets. Long-term debt is not reported for governmental activities in the fund financial statements. Long-term debt and other obligations financed by the proprietary fund are reported as liabilities in both the Government-wide and fund financial statements.

7. *Fund Equity*

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

Fund balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable* – Fund balances are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.
- *Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the Board of Commissioners must adopt another resolution.

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – (Continued)

- *Assigned*- Fund balances are reported as assigned when the amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the City’s finance director to assign fund balances.
- *Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

Net Position – The net position represents the difference between assets and liabilities. The net position component “invested in capital assets, net of related debt” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net assets are reported as restricted as described in the fund balance section above. All other assets are reported as unrestricted.

Fund Balance Flow Assumptions – Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position Flow Assumptions – Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted- net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted-net position to have been depleted before unrestricted- net position is applied.

8. Operating Revenue and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and development. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund.

9. Interfund Activity

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/ expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

10. Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – (Continued)

reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

11. *Deferred Outflows/Inflows of Resources*

The City implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB No. 65, *Items Previously Reported as Assets and Liabilities* in fiscal year 2013. This implementation resulted primarily in changes to terminology and the elimination of reporting unamortized debt issuance costs (i.e., unamortized loan origination fees) as a deferred charge.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. *Budgetary Information*

On or before the end of December of each year, all departments of the City submit requests for appropriation to the City's Management so that a budget may be prepared. The budget is prepared by fund, function and activity and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before December 31st the Proposed Budget is presented to the City's Commission for review. The City Commission holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City's Management. The revenue estimates must be changed by an affirmative vote of a majority of the City Commission. The budget was amended during the year.

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized. On December 31, 2021 the City had no uninsured, uncollateralized deposits.

Interest Rate Risk

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

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City has no investment policy that would further limit the investment choices. Investments are to be reported at fair value.

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.

CITY OF CORNELIA, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 4 – NOTES AND ACCOUNTS RECEIVABLE

Primary Government

Receivables on December 31, 2021
 consisted of the following:

Major Funds

General Fund

Taxes	\$ 1,829,355
Service Fees	245,325

Enterprise Funds

Water and Sewer	<u>651,515</u>
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Total Primary Government	<u><u>\$ 2,726,195</u></u>
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Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property tax values are assessed as of January 1st of each year. Property taxes for digest year 2020, based upon the assessments of January 1, 2020, were levied on November 18, 2020, and due on January 22, 2020. Taxes were delinquent and subject to lien on January 23, 2021.

Property taxes for digest year 2021, based upon the assessments of January 1, 2021, were levied on December 7, 2021, for the 2021 tax year, and were due on February 7, 2022. All unpaid taxes become delinquent and subject to liens on February 8, 2022.

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

NOTE 5 – INTERFUND TRANSFERS

Transfers In:	Transfers Out:	Amount
General	Water and Sewer Fund	\$ 850,000
General	Hotel/Motel Tax	128,842
General	ARPA	109,380
Municipal Complex	General Fund	410,450
Water and Sewer Fund	ARPA	192,448
Municipal Complex	SPLOST VII	34,514

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 – (Continued)

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.

NOTE 6 - CHANGES IN FIXED ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

Governmental -Type Activities:	Beginning Balance <u>12/31/2020</u>	Additions	Deletions	Ending Balance <u>12/31/2021</u>
Capital Assets Not Being				
Depreciated				
Land	\$ 360,005	\$ -	\$ -	\$ 360,005
Construction in Progress	-	717,687	-	717,687
	<u>360,005</u>	<u>717,687</u>	<u>-</u>	<u>1,077,692</u>
Depreciable Assets				
Building	14,382,010	1,183,293	-	15,565,303
Furniture & Equipment	368,489	42,425	-	410,914
Fire Equipment	1,916,585	710,308	-	2,626,893
Police Equipment	1,551,968	577,531	-	2,129,499
Sanitation and Streets	1,721,043	58,086	-	1,779,129
Streets	3,359,121	-	-	3,359,121
Total Depreciable Assets	<u>23,299,216</u>	<u>2,571,643</u>	<u>-</u>	<u>25,870,859</u>
Less: Accumulated Depreciation				
Building	2,034,464	170,479	-	2,204,943
Furniture & Equipment	284,369	30,072	-	314,441
Fire Equipment	1,629,381	203,007	-	1,832,388
Police Equipment	1,478,878	227,224	-	1,706,102
Sanitation and Streets	1,135,160	111,231	-	1,246,391
Streetscape Project	242,149	34,908	-	277,057
Total Accumulated Depreciation	<u>6,804,401</u>	<u>776,921</u>	<u>-</u>	<u>7,581,322</u>
Net Depreciable Assets	<u>16,494,815</u>	<u>1,794,722</u>	<u>-</u>	<u>18,289,537</u>
Governmental activities assets, net	<u>\$ 16,854,820</u>	<u>\$ 2,512,409</u>	<u>\$ -</u>	<u>\$ 19,367,229</u>

Depreciation was charged to governmental functions as follows:

General Government Administration	\$ 244,983
Police	223,227
Fire	199,436
Streets and Sanitation	<u>109,275</u>
Total	<u>\$ 776,921</u>

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 – (Continued)

Enterprise Activities	Beginning Balance <u>12/31/2020</u>	Additions	Deletions	Ending Balance <u>12/31/2021</u>
Capital Assets Not Being Depreciated				
Land	\$ 779,593	\$ -	\$ -	\$ 779,593
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	779,593	-	-	779,593
Depreciable Assets				
Building	1,157,091	1,036,592		2,193,683
Equipment	3,899,536	66,263		3,965,799
Water Plant	35,588,415	2,459,804		38,048,219
Sewer Plant	14,525,169	-		14,525,169
Water and Sewer System	<u>28,304,040</u>	<u>1,214,558</u>		<u>29,518,598</u>
Total Depreciable Assets	<u>83,474,251</u>	<u>4,777,217</u>	<u>-</u>	<u>88,251,468</u>
Less: Accumulated Depreciation				
Building	134,438	19,514		153,952
Equipment	2,071,887	199,287		2,271,174
Water Plant	3,717,686	258,586		3,976,272
Sewer Plant	7,885,102	775,747		8,660,849
Water and Sewer System	<u>7,412,257</u>	<u>735,963</u>		<u>8,148,220</u>
Total Accumulated Depreciation	<u>21,221,370</u>	<u>1,989,097</u>		<u>23,210,467</u>
Net Depreciable Assets	<u>62,252,881</u>	<u>2,788,120</u>	<u>-</u>	<u>65,041,001</u>
Enterprise activities assets, net	<u>\$ 63,032,474</u>	<u>\$ 2,788,120</u>	<u>\$ -</u>	<u>\$ 65,820,594</u>

In the governmental and business-type activities, the following estimated useful lives are used to compute depreciation using the straight-line method:

General Government Buildings	40	Years
Streetscape	40	Years
Streets and Sanitation	5-20	Years
Water and Sewer System	50	Years
Utility Plant	50	Years
Machinery and Equipment	5-20	Years

CITY OF CORNELIA, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 6 – (Continued)

Investment in Capital Assets, Net of Related Debt

	Governmental	Enterprise
	Activities	Fund
	_____	_____
Investment in Capital Assets, net of related debt:	\$	\$
Cost of Capital Assets	26,948,551	89,031,061.00
Accumulated Depreciation	(7,581,322)	(23,210,467)
Book Value	19,367,229	65,820,594
Capital Related Debt	(12,737,781)	(26,341,548)
Total	\$ <u>6,629,448</u>	\$ <u>39,479,046</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2021:

Primary Government

	Beginning			Ending	
	Balance	Additions	Payments	Balance	Due Within
	12/31/2020			12/31/2021	One Year
	_____	_____	_____	_____	_____
Governmental Activities					
2019 Bonds Payable	\$ 11,325,000	\$	\$ 170,000	\$ 11,155,000	\$ 175,000
2019 Premium on Bonds	194,703		5,727	188,976	
Notes Payable		1,287,839		1,287,839	
Obligations Under					
Capital Lease	153,106		47,141	105,965	51,618
Net Pension Liability	1,168,707		539,850	628,857	-
Total Debt	\$ <u>12,841,516</u>	\$ <u>1,287,839</u>	\$ <u>762,718</u>	\$ <u>13,366,637</u>	\$ <u>226,618</u>
Enterprise Activities					
Notes Payable	\$ 25,592,238	\$ 2,039,734	\$ 1,290,424	\$ 26,341,548	\$ 1,028,909
Net Pension Liability	1,072,662		629,604	443,058	-

The amount of interest expense for the year in the Governmental Activities was \$ 477,139. The amount of interest expense for the year in the Enterprise activities was \$34,179. Bond discounts/premiums are amortized over the life of the related debt using the straight-line method.

CITY OF CORNELIA, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 7 – (Continued)

For governmental funds, the net pension liability and claims and judgements are liquidated by the General Fund. For business-type activities, the net pension liability is liquidated by the Water Fund.

Governmental Activities

Revenue Bonds

The City, by resolution adopted on January 8, 2019, approved the Urban Renewal Development Plan and the urban development project. The Revenue Bonds (City of Cornelia Project), Series 2019, in the amount of \$11,325,000 were issued in April of 2019 by the Urban Renewal Redevelopment Agency of the City of Cornelia (the “URA”). The purpose of the bond issue was to finance the costs of acquiring, constructing, and installing a new municipal complex, including city hall, a municipal courtroom, the police department, and a fire station to be sold by the Issuer to the City of Cornelia pursuant to an agreement of sale. The bonds are special limited obligations of the URA, payable solely from and secured by pledged revenues under the contract by which the City is required to make installment payments to the URA in amounts sufficient to pay the principal and interest on the bonds. Interest rates range from 3.0% to 5.0% and payments are due semi-annually on April 1, and October 1, beginning October 2019.

The City’s total debt service to maturity on these bonds are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 175,000.00	\$ 470,687.50	\$ 645,687.50
2023	180,000.00	465,437.50	645,437.50
2024	190,000.00	458,237.50	648,237.50
2025	195,000.00	450,637.50	645,637.50
2026	205,000.00	442,837.50	647,837.50
2027-2031	1,150,000.00	2,086,787.50	3,236,787.50
2032-2036	1,355,000.00	1,885,112.50	3,240,112.50
2037-2041	1,605,000.00	1,635,612.50	3,240,612.50
2042-2046	1,920,000.00	1,312,125.00	3,232,125.00
2047-2051	2,420,000.00	814,250.00	3,234,250.00
2052-2054	1,760,000.00	178,750.00	1,938,750.00
Total	\$ <u>11,155,000.00</u>	\$ <u>10,200,475.00</u>	\$ <u>21,355,475.00</u>

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 – (Continued)

Business-Type Activities

Notes Payable – South State Bank

During the year 2012 the City transferred certain assets held in the water and sewer utility fund to the City of Cornelia Water and Sewer Authority. These assets were from the wastewater treatment facility. The Authority then obtained new financing with South State Bank at a lower interest rate. The proceeds from three loans were used to pay off the City’s debt to the Georgia Environmental Facilities Authority.

The description and amortization of these loans is as follows:

On October 31, 2012, the City entered into a loan with South State Bank to pay off loans with the Georgia Environmental Facilities Authority. The original amount of this loan was \$1,714,417.28. Principal and interest shall be due and payable in one hundred eighty monthly payments in the amount of \$12,084.53, commencing on November 30, 2012, and continuing monthly until October 30, 2027. The note bears interest at 2.84% per annum.

Amortization of this loan is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 125,487.80	\$ 19,526.56	\$ 145,014.36
2023	129,098.39	15,915.93	145,014.32
2024	132,812.91	12,201.45	145,014.36
2025	136,634.29	8,380.07	145,014.36
2026	140,565.60	4,448.76	145,014.36
2027	81,457.01	734.75	82,191.76
Total	<u>\$ 746,056.00</u>	<u>\$ 61,207.52</u>	<u>\$ 807,263.52</u>

CITY OF CORNELIA, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 7 – (Continued)

Notes Payable – Georgia Environmental Facilities Authority (GEFA)

The City entered into five agreements with the Georgia Environmental Facilities Authority (GEFA) for Water and Sewer system improvements which are in progress on December 31, 2021. Monthly installments of principal and interest are due beginning the on the first day of the calendar month following the date the loans are fully disbursed (the Amortization Commencement Date). Only one of these loans was not in repayment status as of December 31, 2021. Loan WS12118WR has drawn \$6,405,850 to date. The project is not completed as of December 31, 2021.

CWSRF 2017-024

The City entered into agreements with the Georgia Environmental Facilities Authority (GEFA) for Water and Sewer system improvements. Total original amount of the loan was \$1,986,000. Principal and interest shall be due and payable in two hundred forty equal monthly payments in the amount of \$9,356.72 each. The first payment was March 1, 2020. There were four payments made in the year ended December 31, 2020, before the State announced an abatement of payments due to the pandemic. The payments resumed as of January 1, 2021. The note bears interest at 1.25% per annum.

Amortization of this loan is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 89,435.91	\$ 22,844.73	\$ 112,280.64
2023	90,560.29	21,720.35	112,280.64
2024	91,698.79	20,581.85	112,280.64
2025	92,851.62	19,429.02	112,280.64
2026	94,018.94	18,261.70	112,280.64
2027-2031	488,124.64	73,278.56	561,403.20
2032-2036	519,589.05	41,814.15	561,403.20
2037-2041	402,197.81	9,496.83	411,694.64
Total	\$ <u>1,868,477.05</u>	\$ <u>227,427.19</u>	\$ <u>2,095,904.24</u>

CITY OF CORNELIA, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 7 – (Continued)

2013105WS

The City entered into agreements with the Georgia Environmental Facilities Authority (GEFA) for Water and Sewer system improvements. Total original amount of the loan was \$15,676,483. Principal and interest shall be due and payable in two hundred forty equal monthly payments in the amount of \$74,927.33 each. The first payment was June 1, 2020. The note bears interest at 1.40% per annum.

Amortization of this loan is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 689,641.23	\$ 209,486.73	\$ 899,127.96
2023	699,358.39	199,769.57	899,127.96
2024	709,212.51	189,915.45	899,127.96
2025	719,205.41	179,922.55	899,127.96
2026	729,339.14	169,788.82	899,127.96
2027-2031	3,803,770.36	691,869.44	4,495,639.80
2032-2036	4,079,408.31	416,231.39	4,495,639.70
2037-2041	3,848,690.54	122,458.77	3,971,149.31
Total	<u>\$ 15,278,625.89</u>	<u>\$ 2,179,442.72</u>	<u>\$ 17,458,068.61</u>

DW12008

The City entered into agreements with the Georgia Environmental Facilities Authority (GEFA) for Water and Sewer system improvements. Total original amount of the loan was \$1,613,355. Principal and interest shall be due and payable in two hundred forty equal monthly payments in the amount of \$7,711.19 each. The first payment was March 1, 2021. The note bears interest at 1.40% per annum.

Amortization of this loan is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 71,223.53	\$ 21,310.75	\$ 92,534.28
2023	72,227.08	20,307.20	92,534.28
2024	73,244.77	19,289.51	92,534.28
2025	74,276.80	18,257.48	92,534.28
2026	75,323.38	17,210.90	92,534.28
2027-2031	392,838.97	69,832.43	462,671.40
2032-2036	421,305.80	41,365.60	462,671.40
2037-2041	374,318.29	11,242.05	385,560.34
Total	<u>\$ 1,554,758.62</u>	<u>\$ 218,815.92</u>	<u>\$ 1,773,574.54</u>

CITY OF CORNELIA, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 7 – (Continued)

DW15024

The City entered into agreements with the Georgia Environmental Facilities Authority (GEFA) for Water and Sewer system improvements. Total original amount of the loan was \$540,636. Principal and interest shall be due and payable in one hundred twenty equal monthly payments in the amount of \$4,619.81 each. The first payment was January 1, 2021. The note bears interest at .5% per annum.

Amortization of this loan is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 53,120.44	\$ 2,317.28	\$ 55,437.72
2023	53,386.64	2,051.08	55,437.72
2024	53,654.19	1,783.53	55,437.72
2025	53,923.08	1,514.64	55,437.72
2026	54,193.31	1,244.41	55,437.72
2027-2030	219,503.09	2,248.09	221,751.18
Total	\$ <u>487,780.75</u>	\$ <u>11,159.03</u>	\$ <u>498,939.78</u>

NOTE 8 – LEASES

Capital Leases

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreement are met.

Equipment and related accumulated depreciation under capital leases are as follows:

	Governmental
	<u>Activities</u>
Equipment	\$ 1,539,586
Less: Accumulated Depreciation	(92,233)
Net Value	<u>\$1,447,353</u>

Amortization of leased equipment under capital leases is included with depreciation expense.

CITY OF CORNELIA, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 8 – (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

<u>Year ending December 31</u>	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
2022	\$ 54,788.18	\$ -
2023	35,185.46	-
2024	<u>21,412.70</u>	-
	111,386.34	-
Less Interest	<u>(5,411.08)</u>	-
	<u>\$ 105,975.26</u>	<u>\$ -</u>

Georgia Municipal Association/

On May 17, 2021, the City entered into a Capital Lease with the Georgia Municipal Association for the acquisition of (2) new fire trucks for the Fire Department and (15) Dodge Durango's for the Police Department. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The original amount of the lease was \$ 1,708,700. As of December 31, 2021, the City has drawn \$ 1,287,839 of this amount. The buildout and equipping of the Fire trucks was not complete at year end. The 15 Dodge Durango's have been placed in service as of December 31, 2021. The lease calls for sixty (60) monthly payments commencing upon completion. This lease has interest rate of 1.50% per annum. The assets are recorded in the General Fund and this debt is shown in the General fund under Notes payable long term.

Georgia Municipal Association/

On January 19, 2018, the City entered into a Capital Lease with the Georgia Municipal Association/Magnolia Leasing for the acquisition of Self Contained Breathing Apparatus for the Fire Department. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The original amount of the lease was \$ 151,950. The lease calls for sixty (60) monthly payments of \$2,781.29 beginning May 10, 2018. This lease has interest rate of 3.75% per annum. The asset is recorded in the General Fund.

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments on December 31, 2021:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 32,301.61	\$ 1,073.87	\$ 33,375.48
2023	<u>13,676.39</u>	<u>86.37</u>	<u>13,762.76</u>
Total	<u>\$ 45,978.00</u>	<u>\$ 1,160.24</u>	<u>\$ 47,138.24</u>

CITY OF CORNELIA, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 8 – (Continued)

Georgia Municipal Association/BB&T Governmental Finance

On November 21, 2019, the City entered into a Lease Purchase Agreement with the Georgia Municipal Association/Magnolia Governmental Finance for the acquisition of one 2020 Hino Sanitation Truck, with equipment. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The original amount of the lease was \$ 99,797. The lease calls for three annual payments of \$21,412.70 and one final payment of \$8,254.50 beginning April 20, 2020. This lease has interest rate of 3.44% per annum. The asset is recorded in the General Fund.

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments as of December 31, 2021:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 19,316.29	\$ 2,096.41	\$ 21,412.70
2023	19,991.35	1,421.35	21,412.70
2024	20,679.62	733.08	21,412.70
Total	\$ 59,987.26	\$ 4,250.84	\$ 64,238.10

NOTE 9 - EMPLOYEE RETIREMENT PLAN

PLAN DESCRIPTION

The City, by ordinance, on August 1, 1972, established a retirement plan for its employees to be funded through the Georgia Municipal Employees Benefit System (GMEBS), an agent, multiple-employer type defined benefit pension plan. The Georgia Municipal Employees Benefit System issues a stand-alone financial report that included a schedule of member net assets, listing the net assets held by the City of Cornelia. That report may be obtained by writing to the Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303. The City is required to contribute at an actuarially determined rate. The actuarial valuation date was July 1, 2021.

Employees are not required to contribute to the plan. The contribution requirement of the City is established and may be amended by the Board of Trustees of the Georgia Municipal Employees Benefit System.

The City's plan, City of Cornelia Retirement Plan, provides retirement and death and disability benefits for all employees effective from the date of hire.

Members are vested after ten years of service has been completed. The plan also provides benefits in the event of death or disability. These benefits provisions were established by an adoption agreement executed by the City Commission.

CITY OF CORNELIA, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 9 – (Continued)

Current Membership is as follows:

Number of retired participants and beneficiaries	43
Number of vested former participants	21
Number of active vested employees	<u>79</u>
Total number of participants	<u>143</u>

Funding Policy

City employees are not required to contribute to the Plan. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state requirements. The City is required to contribute at an actuarially determined rate; the current rate is 10.45% of annual covered payroll. The prior year contribution rate was 10.61%. The new rate is a decrease of 0.16% of pay. The contribution requirements of plan members and the City are established and may be amended by the Georgia Municipal Employee Benefit System Board of Trustees.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

As of December 31, 2021, the City reported a net pension liability of \$1,071,915. The net pension liability was measured on July 1, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. For the fiscal year ended December 31, 2021, the City recognized a pension expense in the amount of \$264,593.

On December 31, 2021, the City reported deferred outflows and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 341,741	\$ (38,956.00)
Changes in assumptions	69,256	
Net difference between projected and actual earnings on pension plan investments		(873,158)
City contributions subsequent to the measurement date	<u>264,593</u>	
Total	<u>\$ 675,590</u>	<u>\$ (912,114)</u>

CITY OF CORNELIA, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 9 – (Continued)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

Year Ending 31-Dec	Net Amount
2021	\$ (95,213.00)
2022	(36,402.00)
2023	(131,135.00)
2024	(260,890.00)
2025	22,523.00
Total	\$ (501,117.00)

Actuarial Assumptions

The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions as applied to all periods included in the measurement:

Inflation	2.25% per year
Cost of Living Adjustment	n/a
Investment Return:	7.38%
Future Salary Increases:	3.25% per year with an ϵ

Years of Service	Annual Rate (%)
0-1	8.50
2	5.50
3	5.25
4	5.00
5	4.75
6	4.50
7	4.25
8	4.00
9	3.75
10-11	3.50
12-14	3.25
15 or more	3.00

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

The mortality assumptions used in the July 1, 2021, actuarial report was based on a five-year review of mortality experience for the period January 1, 2015, to June 30, 2019.

CITY OF CORNELIA, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 9 – (Continued)

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 the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of March 31, 2020, are summarized in the table below:

<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%	7.05%
Real Estate	10%	4.50%
Global Fixed Income	5%	4.50%
Domestic Fixed Income	20%	1.15%
Cash	0%	
Total	<u>100%</u>	

Discount Rate:

The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at the contractually required rates, actuarially determined. Based on these assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the net pension liability.

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 – (Continued)

Changes in Net Pension Liability:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (a)-(b)
Balances at March 31, 2020	\$ 6,955,310	\$ 4,360,162	\$ 2,595,148
Changes for the year:			
Service Cost	106,053	-	106,053
Interest	505,773	-	505,773
Difference between actual and expected experience	135,138	-	135,138
Employer contributions	-	323,797	(323,797)
Employee contributions	-	-	-
Net investment income	-	1,962,637	(1,962,637)
Benefit payments	(406,853)	(406,853)	-
Administrative expense	-	(16,237)	16,237
Other	-	-	-
Net Changes	<u>340,111</u>	<u>1,863,344</u>	<u>(1,523,233)</u>
Balances at March 31, 2021	\$ <u>7,295,421</u>	\$ <u>6,223,506</u>	\$ <u>1,071,915</u>

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate.

The discount rate used to measure the total net pension liability was 7.375%. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.375%) or one percentage point higher (8.375%) than the current rate:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.375%	2,000,729
Current discount rate	7.375%	1,071,915
1% increase	8.375%	301,102

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 – (Continued)

Plan Fiduciary Net Position:

Detailed information about the Plan's fiduciary net position is available in a separately issued Georgia Municipal Employee Benefit System financial report.

Other Plans:

In addition to the plan above, various City employees are covered under the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding this plan can be obtained from the plan's annual report. The City does not contribute to these plans.

NOTE 10 – CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts collected, may constitute a liability of the applicable funds. The amount, if any which may be disallowed by the grantor cannot be determined at this time although the government expects such amount, if any, to be immaterial.

The City is a defendant in various lawsuits. The financial statements do not include accrual of provisions for loss contingencies that may result from these proceedings. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that an adverse resolution on all of these matters would not have a material effect on the financial condition of the government.

NOTE 11– ECONOMIC DEPENDENCY/MAJOR CUSTOMERS

The City's Enterprise Fund for Water and Sewer Services has sales to a single customer which comprises more than ten percent of the total revenue for the enterprise fund. Sales to this customer for 2021 were \$ 6,433,085.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has insurance coverage with the Georgia Municipal Association. Insurance coverage and deductible options for property, casualty and crime under the policy are selected by City's management based on anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by the Association, as well as following loss reduction and prevention procedures established by the Association. The Association's responsibility includes paying claims, and representing the City in defense and settlement of claims. The Association's basis for estimating the liabilities for unpaid claims is established by the actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid on December 31, 2021. No provisions have been made in the financial statements for the year ended December 31, 2021, for any estimate of unpaid claims.

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

CITY OF CORNELIA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12– (Continued)

amount has been recorded in the general purpose financial statements for this contingency, as management believes the likelihood for assessment is remote.

NOTE 13– GEORGIA MOUNTAIN REGIONAL COMMISSION

The City of Cornelia , in conjunction with cities and counties in the Northeast Georgia area, is a member of the Georgia Mountains Commission. Membership in a Regional Commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the Commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the Commission During its year ended December 31, 2021, the City paid \$5,409 in such dues. The Commission Board membership includes the chief elected official of each county and the chief elected official of each municipality. The County Board members and municipal Board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public Board member from a County. Separate financial statements can be obtained from:

Georgia Mountains Regional Commission
P.O. Box 1720
Gainesville, Georgia 30503

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines Commissions as “public agencies and instrumentalities of their members”. Georgia laws also provide that the member governments are liable for any debts or obligations of a Commission beyond its resources. (O.C.G.A. 50-8-39.1)

NOTE 14 – HOTEL MOTEL TAX

The City levies an 8% lodging tax, allocated as required by O.C.G.A. 48-13-51(b), with 22% to Habersham Chamber of Commerce, 21.75% to the Cornelia Hospitality and Tourism Board, 18.75% allocated to tourism and product development (TPD) and the balance, 37.5% unrestricted funds available to the City. Total Hotel/motel taxes collected were \$343,579 of which \$78,226 was allocated to Habersham Chamber of Commerce, \$77,337 was allocated to Cornelia Hospitality and Tourism Board, and \$59,175 went to tourism and product development.

NOTE 15 – CHANGES IN BEGINNING BALANCES

Prior period adjustments have been made to adjust the beginning balance of the General fund. This adjustment was required to correct the balance in accounts payable. This adjustment increased beginning balance of the General fund by \$156,647. There was also an adjustment made to correct the reclassify how the Hotel Motel Special Revenue fund was reported. This resulted in a decrease in the beginning fund balance of the General of \$7,053.

These adjustments, along with another entity wide adjust to correct the Hotel Motel Tax Special Revenue fund, increased the net position at the entity wide level by \$162,322.

A prior period adjustment has been made to adjust the beginning net position of the Water and Sewer Enterprise fund. This adjustment was required to reflect beginning balances in penalties receivable by \$33,896, water receivable by \$90,977 and meter deposits by \$36,320. These adjustments overall decreased beginning net position of the Water and Sewer fund by \$161,193.

A prior period adjustment has been made to adjust the beginning net position of the Water and Sewer Authority. This adjustment was required to reflect beginning balances in notes payable by \$7,835. This adjustment decreased beginning net position of the Water and Sewer Authority by \$7,835.

REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

*IN ACCORDANCE WITH THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 34, THE
FOLLOWING INFORMATION IS A REQUIRED PART OF THE FINANCIAL STATEMENTS.*

CITY OF CORNELIA, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED</u>
REVENUES				
Taxes				
Property	\$ 1,833,061	\$ 1,833,061	\$ 1,933,996	\$ 100,935
Franchise	535,000	535,000	501,090	(33,910)
Beer and Wine	207,500	207,500	206,145	(1,355)
Insurance Premium	335,000	335,000	347,772	12,772
Motel Tax				
License and Permits	196,000	196,000	196,126	126
Charges for Services	607,010	607,010	552,389	(54,621)
Fines and Forfeitures	180,500	180,500	203,420	22,920
Interest Income	3,000	3,000	5,744	2,744
Grants	404,440	404,440	55,790	(348,650)
Miscellaneous	20,000	20,000	14,809	(5,191)
TOTAL REVENUE	<u>4,321,511</u>	<u>4,321,511</u>	<u>4,017,281</u>	<u>(304,230)</u>
EXPENDITURES				
Current:				
General Government	620,000	620,000	26,167	593,833
City Manager	405,799	405,799	398,265	7,534
Human Resources	148,598	148,598	130,742	17,856
Police Department	2,516,164	2,516,164	2,431,314	84,850
Fire Department	2,214,569	2,214,569	1,856,365	358,204
Streets and Sanitation	755,049	755,049	594,763	160,286
Public Buildings and Library	50,000	50,000	41,250	8,750
Recreation Department	84,900	84,900	67,737	17,163
Planning Department	114,283	114,283	111,802	2,481
Debt Service				
Principal Retirement	50,000	50,000	47,141	2,859
Interest and Fiscal Charges	5,000	5,000	4,865	135
TOTAL EXPENDITURES	<u>6,964,362</u>	<u>6,964,362</u>	<u>5,710,411</u>	<u>1,253,951</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,642,851)</u>	<u>(2,642,851)</u>	<u>(1,693,130)</u>	<u>949,721</u>
OTHER FINANCING SOURCES (USES)				
Prior Year Fund Balance	264,166	264,166		(264,166)
Lease Proceeds	1,286,185	1,286,185	1,286,185	
Sale of Equipment			6,988	6,988
Interfund Transfers	1,092,500	1,092,500	677,762	(414,738)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,642,851</u>	<u>2,642,851</u>	<u>1,970,935</u>	<u>(671,916)</u>

CITY OF CORNELIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
DECEMBER 31, 2021
(Unaudited)

	FISCAL YEAR END	
	2021	2020
Total Pension Liability as of the beginning of year (1)	\$ 6,955,310	\$ 6,494,525
Service Cost	106,053	113,386
Interest on Total Pension Liability	505,773	480,362
Difference between expected and actual experience	135,138	211,620
Change of assumptions	-	-
Changes of benefit terms	-	-
Benefits Payments, including refunds of employee contributions	(406,853)	(406,167)
Other	-	61,584
Total Pension Liability as of March 31, 2015 (2)	<u>\$ 7,295,421</u>	<u>\$ 6,955,310</u>
Fiduciary Net Position as of beginning of year (3)	\$ 4,360,162	\$ 4,806,115
Employer Contributions	323,797	305,261
Employee Contributions	-	-
Net Investment Income	1,962,637	(327,344)
Benefit Payments	(406,853)	(406,167)
Administrative Expense	(16,237)	(17,703)
Other	-	-
Fiduciary Net Position as of End of Year (4)	<u>\$ 6,223,506</u>	<u>\$ 4,360,162</u>
Net pension liability as of beginning of year (1)-(3)	<u>\$ 2,595,148</u>	<u>\$ 1,688,410</u>
Net Pension liability as of end of year (2) - (4)	<u>\$ 1,071,915</u>	<u>\$ 2,595,148</u>
Fiduciary Net Position as a % of Total Pension Liability (4)/(2)	85.31%	62.69%
Covered-employee payroll	\$ 3,467,408	\$ 3,148,348
Net pension liability as a % of covered-employee payroll	30.91%	82.43%

* Historical information prior to implementation of GASB 67/68 is not required.

SCHEDULE 1

FISCAL YEAR END					
	2019	2018	2017	2016	2015
\$	6,147,642	\$ 5,596,110	\$ 5,476,646	\$ 5,200,997	\$ 4,968,312
	116,244	123,705	119,441	132,015	135,964
	455,367	420,470	412,683	391,838	373,883
	(41,497)	264,136	(109,247)	41,837	31,586
	-	-	-	-	(20,722)
	201,429	-	-	-	-
	(384,660)	(341,379)	(303,413)	(290,041)	(288,026)
	-	84,600	-	-	-
\$	<u>6,494,525</u>	<u>\$ 6,147,642</u>	<u>\$ 5,598,127</u>	<u>\$ 5,476,646</u>	<u>\$ 5,200,997</u>
\$	4,762,868	\$ 4,311,488	\$ 3,856,704	\$ 3,843,088	\$ 3,521,323
	275,320	276,436	292,183	303,520	280,513
	-	-	-	-	-
	169,435	533,956	484,930	12,041	340,398
	(384,660)	(341,379)	(303,413)	(290,041)	(288,026)
	(16,848)	(17,633)	(18,916)	(11,904)	(11,120)
	-	-	-	-	-
\$	<u>4,806,115</u>	<u>\$ 4,762,868</u>	<u>\$ 4,311,488</u>	<u>\$ 3,856,704</u>	<u>\$ 3,843,088</u>
\$	<u>1,384,774</u>	<u>\$ 1,284,622</u>	<u>\$ 1,619,942</u>	<u>\$ 1,357,909</u>	<u>\$ 1,446,989</u>
\$	<u>1,688,410</u>	<u>\$ 1,384,774</u>	<u>\$ 1,286,639</u>	<u>\$ 1,619,942</u>	<u>\$ 1,357,909</u>
	74.00%	77.47%	77.02%	70.42%	73.89%
\$	2,963,878	\$ 2,811,394	\$ 2,769,374	\$ 2,819,555	\$ 2,672,333
	56.97%	49.26%	46.46%	57.45%	50.81%

CITY OF CORNELIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
DECEMBER 31, 2021
(Unaudited)

	FISCAL YEAR END	
	2021	2020
Actuarially determined contribution	\$ *	\$ 314,051
Contributions in relation to the actuarially determined contribution	*	314,051
Contribution deficiency (excess)	\$ *	\$
Covered - employee payroll	\$ *	\$ 3,148,348
Contributions as a percentage of covered-employee payroll	*	9.98%

* 2021 information will be determined after fiscal year end and will be included in the 2022 valuation report.

SCHEDULE 2

FISCAL YEAR END				
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 302,331	\$ 264,717	\$ 278,876	\$ 295,186	\$ 280,513
<u>302,331</u>	<u>265,917</u>	<u>279,976</u>	<u>296,261</u>	<u>281,968</u>
\$ <u>-</u>	\$ <u>(1,200)</u>	\$ <u>(1,100)</u>	\$ <u>(1,075)</u>	\$ <u>(1,455)</u>
\$ 2,963,878	\$ 2,811,394	\$ 2,769,374	\$ 2,819,555	\$ 2,672,333
10.20%	9.46%	10.11%	10.51%	10.55%

CITY OF CORNELIA, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021

BUDGETARY ACCOUNTING AND CONTROL

The City Commission annually adopts budgets for the General Fund of the Primary Government. All appropriations are legally controlled at the departmental level for the General Fund. There were budget amendments made during the year. The budgets are integrated into the accounting compare the expenditures with actual budgets.

All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the end of each fiscal year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditures are recorded to reserve that portion of the applicable appropriation, is not utilized by the City of Cornelia.

PENSIONS

1. Valuation Date

The actuarially determined contribution rate was determined as of July 1, 2021, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending December 31, 2021.

2. 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 24 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.
- Net investment rate of return = 7.50%
- Projected salary increases = 2.75% plus service based merit increases
- Cost of living adjustments = 0.00%
- Retirement age for inactive vested participants = 65
- Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

CITY OF CORNELIA, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021

3. Changes in Benefits

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

4. Changes of Assumptions

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period of January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation adjustment assumption was decreased from 3.25% to 2.75%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases range from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF CORNELIA, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2021

SCHEDULE 3

	Special Revenue Funds			Capital Projects Funds		TOTAL NON- MAJOR GOVERNMENTAL FUNDS
	AMERICAN RESCUE PLAN ACT	HOTEL/ MOTEL TAX	POLICE SPECIAL PROJECTS	SPLOST VII CAPITAL PROJECTS	LMIG CAPITAL PROJECTS	
ASSETS						
Cash	\$ 572,573	\$ 57,905	\$ 10,641	\$ 481,128	\$ 63,944	\$ 1,186,191
Accounts Receivable		22,767		173,598	-	196,365
TOTAL ASSETS	\$ 572,573	\$ 80,672	\$ 10,641	\$ 654,726	\$ 63,944	\$ 1,382,556
LIABILITIES						
Accounts Payable	\$	\$ 20,067	\$ 2,575	\$ 5,652	\$ 75	\$ 28,369
Unearned Revenue	569,161					569,161
TOTAL LIABILITIES	\$ 569,161	\$ 20,067	\$ 2,575	\$ 5,652	\$ 75	\$ 597,530
FUND BALANCES						
Restricted for:						
Tourism and Promotion	-	60,605				60,605
Police Specific Projects			8,066			8,066
Grant Specific Projects	3,412					3,412
Capital Outlay Projects				649,074	63,869	712,943
TOTAL FUND BALANCES	\$ 3,412	\$ 60,605	\$ 8,066	\$ 649,074	\$ 63,869	\$ 785,026
TOTAL LIABILITIES AND FUND BALANCE	\$ 572,573	\$ 80,672	\$ 10,641	\$ 654,726	\$ 63,944	\$ 1,382,556

CITY OF CORNELIA, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

SCHEDULE 4

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	Special Revenue Fund			Capital Projects Fund			TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	AMERICAN RESCUE PLAN ACT	HOTEL/MOTEL TAX	POLICE SPECIAL PROJECTS	SPLOST VII CAPITAL PROJECTS	LMIG CAPITAL PROJECTS	ADA PLAYGROUND EQUIPMENT	
REVENUES							
Hotel/Motel Tax	\$	\$ 343,579	\$	\$	\$	\$	\$ 343,579
Grants	305,240				67,745		372,985
Special Purpose Local Option Sale Tax				700,801			700,801
Donations			5,217				5,217
Interest		55		157	20		232
TOTAL REVENUES	<u>305,240</u>	<u>343,634</u>	<u>5,217</u>	<u>700,958</u>	<u>67,765</u>	<u>-</u>	<u>1,422,814</u>
EXPENDITURES							
Capital Outlay					3,896		55,790
Police Special Projects			2,575	51,894			2,575
Grant Specific Expenditures		209,879					-
Tourism and Promotion		209,879			3,896		209,879
TOTAL EXPENDITURES	<u>-</u>	<u>209,879</u>	<u>2,575</u>	<u>51,894</u>	<u>3,896</u>	<u>-</u>	<u>268,244</u>
EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES	305,240	133,755	2,642	649,064	63,869	-	1,154,570
OTHER FINANCING SOURCES(USES)	(301,828)	(128,842)	5,424	10	-	(5,424)	(430,660)
Operating Transfers In(Out)							
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	3,412	4,913	8,066	649,074	63,869	(5,424)	723,910
FUND BALANCES BEGINNING OF YEAR -(as originally stated)	-	42,964	-	-	-	5,424	48,388
Prior Period Adjustment	-	12,728					12,728
FUND BALANCES BEGINNING OF YEAR (restated)	-	55,692	-	-	-	5,424	61,116
FUND BALANCES END OF YEAR	<u>3,412</u>	<u>60,605</u>	<u>8,066</u>	<u>649,074</u>	<u>63,869</u>	<u>-</u>	<u>785,026</u>

GENERAL FUND

*THE GENERAL OPERATING FUND OF THE CITY IS USED TO ACCOUNT
FOR ALL FINANCIAL RESOURCES EXCEPT THOSE REQUIRED TO BE
ACCOUNTED FOR IN ANOTHER FUND.*

**CITY OF CORNELIA, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 5

	2021	2020
ASSETS		
Cash	\$ 3,410,422	\$ 2,545,765
Taxes Receivable	1,829,355	1,602,394
Accounts Receivable	48,960	45,174
Due from Other Funds		
TOTAL ASSETS	\$ 5,288,737	\$ 4,193,333
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 96,594	\$ 208,893
Accrued Payroll	86,127	60,276
Payroll Taxes Withheld and Accrued	4,398	25,197
Due to other Funds	710,304	
TOTAL LIABILITIES	897,423	294,366
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue -property taxes	350,427	285,479
 FUND BALANCE		
Unassigned	4,040,887	3,613,488
TOTAL FUND BALANCE	4,040,887	3,613,488
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,288,737	\$ 4,193,333

**CITY OF CORNELIA, GEORGIA
GENERAL FUND**

SCHEDULE 6

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
REVENUES		
Taxes		
Property	\$ 1,933,996	\$ 1,797,713
Franchise	501,090	516,777
Beer and Wine	206,145	199,873
Insurance Premium	347,772	336,987
License and Permits	196,126	178,712
Charges for Services	552,389	552,401
Fines and Forfeitures	203,420	154,465
Interest Income	5,744	315
Intergovernmental	-	60,000
Grants	55,790	395,155
Miscellaneous	14,809	42,410
TOTAL REVENUE	4,017,281	4,234,808
EXPENDITURES		
Current:		
General Government	26,167	104,338
City Manager	398,265	285,753
Human Resources	130,742	123,980
Police Department	2,431,314	1,609,929
Fire Department	1,856,365	1,059,618
Streets and Sanitation	594,763	798,879
Public Buildings and Library	41,250	12,111
Recreation Department	67,737	103,822
Planning Department	111,802	103,633
Maintenance and Mechanical	-	-
Debt Service	-	-
Principal Retirement	47,141	87,568
Interest and Fiscal Charges	4,865	6,063
TOTAL EXPENDITURES	5,710,411	4,295,694
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,693,130)	(60,886)
OTHER FINANCING SOURCES (USES)		
Sale of Equipment	6,988	109,252
Lease Proceeds	1,286,185	-
Interfund Transfers	677,762	142,737
TOTAL OTHER FINANCING SOURCES (USES)	1,970,935	251,989
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES (USES) OVER (UNDER) EXPENDITURES	277,805	191,103
FUND BALANCE - Beginning of Year as Previously Reported	3,613,488	3,876,047
Prior Period Adjustment	149,594	-453,662
FUND BALANCE (resated)	3,763,082	3,422,385
FUND BALANCE - END OF YEAR	\$ 4,040,887	\$ 3,613,488

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021			2020
	FINAL BUDGET	ACTUAL	VARIANCE	ACTUAL
REVENUES				
Taxes				
Property	\$ 1,833,061	\$ 1,933,996	\$ 100,935	\$ 1,797,713
Franchise	535,000	501,090	(33,910)	516,777
Beer and Wine	207,500	206,145	(1,355)	199,873
Insurance Premium	335,000	347,772	12,772	336,987
License and Permits		196,126	196,126	178,712
Charges for Services	196,000	552,389	356,389	552,401
Fines and Forfeitures	607,010	203,420	(403,590)	154,465
Interest Income	180,500	5,744	(174,756)	315
Intergovernmental	3,000		(3,000)	60,000
Grants	404,440	55,790	(348,650)	395,155
Miscellaneous	20,000	14,809	(5,191)	42,410
TOTAL REVENUE	4,321,511	4,017,281	(304,230)	4,234,808
EXPENDITURES				
Current:				
General Government	620,000	26,167	593,833	104,338
Executive	405,799	398,265	7,534	285,753
Human Resources	148,598	130,742	17,856	123,980
Police Department	2,516,164	2,431,314	84,850	1,609,929
Fire Department	2,214,569	1,856,365	358,204	1,059,618
Streets and Sanitation	755,049	594,763	160,286	798,879
Public Buildings and Library	50,000	41,250		
Recreation Department	84,900	67,737	17,163	12,111
Planning Department	114,283	111,802	2,481	103,822
Maintenance and Mechanical			-	103,633
Debt Service				
Principal Retirement	50,000	50,000	(45,000)	87,568
Interest and Fiscal Charges	5,000	5,000	6,959,362	6,063
TOTAL EXPENDITURES	6,964,362	5,713,405	8,156,569	4,295,694
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,642,851)	(1,696,124)	7,852,339	(60,886)
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	1,286,186	1,286,186	0	
Prior Year Fund Balance	264,165		(264,165)	
Sale of Equipment		6,988		
Interfund Transfers	109,250	677,762	(5,871,862)	142,737
TOTAL OTHER FINANCING SOURCES (USES)	2,642,851	1,970,936	(6,136,027)	251,989
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES (USES) OVER (UNDER) EXPENDITURES		\$ 274,812	\$ 1,716,312	\$ 191,103

SPECIAL REVENUE FUNDS

*SPECIAL REVENUE FUNDS ARE USED TO ACCOUNT FOR THE PROCEEDS
OF SPECIFIC REVENUE SOURCES THAT ARE LEGALLY OR DONOR
RESTRICTED TO EXPENDITURES FOR SPECIFIED PURPOSES.*

American Rescue Plan Act Fund

This fund is used to account for all revenues and expenditures related to the American Rescue Plan Act Grant.

Hotel/Motel Tax Fund

This fund is used to collect Hotel/Motel taxes which are used to support trade and tourism in the City of Cornelia.

Police Special Projects Fund

This fund was established in June 2021. The fund is used to account for program-specific Fundraisers, donation revenues, and interest on investments. These funds are to be used for Community outreach projects.

**CITY OF CORNELIA, GEORGIA
 AMERICAN RESCUE PLAN SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEETS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 8

	2021	2020
ASSETS		
Cash	\$ 572,573	\$ -
TOTAL ASSETS	\$ 572,573	\$ -
 LIABILITIES		
Unearned Revenue	\$ 569,161	\$ -
TOTAL LIABILITIES	\$ 569,161	\$ -
 FUND BALANCES		
Restricted for:		
Grant Specific Projects	3,412	-
TOTAL FUND BALANCES	3,412	-
 TOTAL LIABILITIES AND FUND BALANCE	\$ 572,573	\$ -

**CITY OF CORNELIA, GEORGIA
 AMERICAN RESCUE PLAN SPECIAL REVENUE FUND
 SCHEUDLE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 9

REVENUES	2021			2020
	Final Budget	Actual	Variance	Actual
Grant Revenue	\$ 310,000	\$ 305,240	\$ (4,760)	\$ -
	310,000	305,240	(4,760)	-
 EXPENDITURES				
Grant Specific Expenditures	-	-	-	-
 EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES				
	310,000	305,240	(4,760)	-
 OTHER FINANCING SOURCES(USES)				
Operating Transfers In(Out)	(306,000)	(301,828)	4,172	-
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	4,000	3,412	(588)	-
 FUND BALANCES BEGINNING OF YEAR				
		-		-
 FUND BALANCES END OF YEAR				
	\$	\$ 3,412	\$	\$ -

**CITY OF CORNELIA, GEORGIA
HOTEL / MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 10

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 57,905	\$ 42,964
Accounts Receivable	<u>22,767</u>	
TOTAL ASSETS	<u><u>\$ 80,672</u></u>	<u><u>\$ 42,964</u></u>
 LIABILITIES		
Accounts Payable	\$ <u>20,067</u>	\$ _____
TOTAL LIABILITIES	<u><u>20,067</u></u>	_____
 FUND BALANCES		
Restricted for:		
Tourism and Promotion	<u>60,605</u>	<u>42,964</u>
TOTAL FUND BALANCES	<u><u>60,605</u></u>	<u><u>42,964</u></u>
 TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 80,672</u></u>	<u><u>\$ 42,964</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 YEARS ENDED DECEMBER 31, 2021 AND 2020

SCHEDULE 11

REVENUES	2021			2020
	Final Budget	Actual	Variance	Actual
Hotel/Motel Tax	\$ 336,000	\$ 343,579	\$ 7,579	\$ 261,886
Interest	1,000	55	(945)	138
	<u>337,000</u>	<u>343,634</u>	<u>6,634</u>	<u>262,024</u>
 EXPENDITURES				
Tourism and Promotion	<u>209,000</u>	<u>209,879</u>	<u>(879)</u>	<u>158,875</u>
	<u>209,000</u>	<u>209,879</u>	<u>(879)</u>	<u>158,875</u>
 EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES	 128,000	 133,755	 5,755	 103,149
 OTHER FINANCING SOURCES(USES)				
Operating Transfers In(Out)	<u>(130,000)</u>	<u>(128,842)</u>	<u>1,158</u>	<u>(107,098)</u>
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(2,000)	4,913	6,913	(3,949)
 FUND BALANCES BEGINNING OF YEAR (as originally sta				
Prior Period Adjustment	50,000	42,964		46,913
	-	12,728		
FUND BALANCES BEGINNING OF YEAR (as restated)	<u>50,000</u>	<u>55,692</u>	<u>-</u>	
 FUND BALANCES END OF YEAR				
	<u>\$</u>	<u>\$ 60,605</u>	<u>\$</u>	<u>\$ 42,964</u>

**CITY OF CORNELIA, GEORGIA
POLICE SPECIAL PROJECTS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 12

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 10,641	\$
Accounts Receivable		
TOTAL ASSETS	<u>\$ 10,641</u>	<u>\$</u>
 LIABILITIES		
Accounts Payable	\$ <u>2,575</u>	\$
TOTAL LIABILITIES	<u>2,575</u>	<u></u>
 FUND BALANCES		
Assigned for:		
Police Special Projects	<u>8,066</u>	<u></u>
TOTAL FUND BALANCES	<u>8,066</u>	<u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 10,641</u>	<u>\$</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, 2021 AND 2020

SCHEDULE 13

REVENUES	<u>2021</u>	<u>2020</u>
Donations	\$ <u>5,217</u>	\$ _____
	<u>5,217</u>	_____
EXPENDITURES		
Police Special Projects	<u>2,575</u>	_____
	<u>2,575</u>	_____
EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES	2,642	
OTHER FINANCING SOURCES(USES)		
Operating Transfers In(Out)	<u>5,424</u>	_____
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	8,066	
FUND BALANCES BEGINNING OF YEAR (as originally stated)	-	
Prior Period Adjustment	-	
FUND BALANCES BEGINNING OF YEAR (as restated)	-	
FUND BALANCES END OF YEAR	\$ <u>8,066</u>	\$ _____

CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUNDS ARE USED TO ACCOUNT FOR FINANCIAL RESOURCES TO BE USED FOR THE ACQUISITION OR CONSTRUCTION OF SPECIFICALLY PLANNED PROJECTS (OTHER THAN THOSE FINANCED BY THE PROPRIETARY FUNDS).

Special Purpose Local Option Sales Tax (SPLOST) VI

This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.

Special Purpose Local Option Sales Tax (SPLOST) VII

This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.

LMIG FUND

To account for Local Maintenance and Improvements Grant (LMIG) funds that are legally Restricted to expenditures for capital road projects within the City.

ADA Playground Equipment Fund

This fund is used to collect donations which are to be used to acquire playground equipment for parks in the City of Cornelia.

**CITY OF CORNELIA, GEORGIA
 SPLOST VI CAPITAL PROJECTS
 COMPARATIVE BALANCE SHEETS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 14

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 511,963	\$ 1,243,259
Accounts Receivable		175,363
TOTAL ASSETS	<u>\$ 511,963</u>	<u>\$ 1,418,622</u>
 LIABILITIES		
Accounts Payable	\$ <u>3,775</u>	\$ <u> </u>
TOTAL LIABILITIES	<u>3,775</u>	<u> </u>
 FUND BALANCES		
Restricted for:		
Capital Outaly Projects	<u>508,188</u>	<u>1,418,622</u>
TOTAL FUND BALANCES	<u>508,188</u>	<u>1,418,622</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 511,963</u>	<u>\$ 1,418,622</u>

**CITY OF CORNELIA, GEORGIA
 SPLOST VI CAPITAL PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 15

REVENUES	<u>2021</u>	<u>2020</u>
SPLOST	\$ 255,325	\$ 1,013,418
Interest	<u>1,094</u>	<u>2,842</u>
	<u>256,419</u>	<u>1,016,260</u>
EXPENDITURES		
Capital Outlay	<u>1,166,853</u>	<u>465,422</u>
	<u>1,166,853</u>	<u>465,422</u>
EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES	(910,434)	550,838
OTHER FINANCING SOURCES(USES)		
Operating Transfers In(Out)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(910,434)	550,838
FUND BALANCES BEGINNING OF YEAR (as originally s	1,418,622	867,784
Prior Period Adjustment	<u>-</u>	<u>-</u>
FUND BALANCES BEGINNING OF YEAR (as restated)	<u>1,418,622</u>	<u>-</u>
FUND BALANCES END OF YEAR	\$ <u>508,188</u>	\$ <u>1,418,622</u>

**CITY OF CORNELIA, GEORGIA
 SPLOST VII CAPITAL PROJECTS
 COMPARATIVE BALANCE SHEETS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 16

	2021	2020
ASSETS		
Cash	\$ 481,128	\$ -
Accounts Receivable	173,598	
TOTAL ASSETS	\$ 654,726	\$ -
 LIABILITIES		
Accounts Payable	\$ 5,652	\$
TOTAL LIABILITIES	5,652	
 FUND BALANCES		
Restricted for:		
Capital Outaly Projects	649,074	-
TOTAL FUND BALANCES	649,074	0
TOTAL LIABILITIES AND FUND BALANCE	\$ 654,726	\$

**CITY OF CORNELIA, GEORGIA
 SPLOST VII CAPITAL PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 17

REVENUES	<u>2021</u>	<u>2020</u>
SPLOST	\$ 700,801	\$ -
Interest	157	-
	<u>700,958</u>	<u>262,024</u>
EXPENDITURES		
Capital Outlay	51,894	-
	<u>51,894</u>	<u>158,875</u>
EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES	649,064	-
OTHER FINANCING SOURCES(USES)		
Operating Transfers In(Out)	10	-
	<u>10</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	649,074	-
FUND BALANCES BEGINNING OF YEAR (as originally stated)	-	-
Prior Period Adjustment	-	-
FUND BALANCES BEGINNING OF YEAR (as restated)	<u>-</u>	<u>-</u>
FUND BALANCES END OF YEAR	<u>\$ 649,074</u>	<u>\$ -</u>

**CITY OF CORNELIA, GEORGIA
 LOCAL MAINTENANCE AND IMPROVEMENT GRANT
 CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEETS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 18

	2021	2020
ASSETS		
Cash	\$ 63,944	\$ -
Accounts Receivable		
TOTAL ASSETS	\$ 63,944	\$ -
 LIABILITIES		
Accounts Payable	\$ 75	\$
TOTAL LIABILITIES	75	
 FUND BALANCES		
Restricted for:		
Grant Specific Projects	63,869	-
TOTAL FUND BALANCES	63,869	0
TOTAL LIABILITIES AND FUND BALANCE	\$ 63,944	\$ -

CITY OF CORNELIA, GEORGIA
LOCAL MAINTENANCE AND IMPROVEMENT GRANT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

SCHEDULE 19

	2021			2020
REVENUES	Final Budget	Actual	Variance	Actual
Grant funds	\$ 61,435	\$ 67,745	\$ 6,310	\$ -
Interest		20	20	-
	61,435	67,765	6,330	-
EXPENDITURES				
Road Capital Improvements	61,435	3,896	57,539	-
	61,435	3,896	57,539	-
EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES	-	63,869	63,869	103,149
OTHER FINANCING SOURCES(USES)				
Operating Transfers In(Out)		-	-	(107,098)
	-	-	-	(107,098)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	63,869	63,869	(3,949)
FUND BALANCES BEGINNING OF YEAR (as originally stated)		-		46,913
Prior Period Adjustment	-	-		
FUND BALANCES BEGINNING OF YEAR (as restated)	-	-	-	-
FUND BALANCES END OF YEAR	\$ -	\$ 63,869	\$ -	\$ 42,964

**CITY OF CORNELIA, GEORGIA
 ADA PLAYGROUND EQUIPMENT
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEETS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 20

	2021	2020
ASSETS		
Cash	\$ _____	\$ 5,424
TOTAL ASSETS	\$ _____	\$ 5,424
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES	\$ _____	\$ _____
DEFERRED INFLOWS OF RESOURCES	_____	_____
FUND BALANCE		
Restricted for:		
Capital Outlay Projects	_____	5,424
TOTAL FUND BALANCE	_____	5,424
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ _____	\$ 5,424

**CITY OF CORNELIA, GEORGIA
 ADA PLAYGROUND EQUIPMENT
 SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 21

	2021	2020
REVENUES		
Interest Income	\$ -	\$ -
Donations	-	-
TOTAL REVENUE	-	-
EXPENDITURES		
Capital		
Recreation Department		
TOTAL EXPENDITURES	-	-
OTHER FINANCING SOURCES (USES)		
Operating Transfers In (out)	(5,424)	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,424)	-
FUND BALANCE - BEGINNING OF YEAR	5,424	5,424
FUND BALANCE - END OF YEAR	\$ -	\$ 5,424

ENTERPRISE FUNDS

ENTERPRISE FUNDS ARE USED TO ACCOUNT FOR OPERATIONS THAT ARE FINANCED AND OPERATED IN A MANNER SIMILAR TO PRIVATE BUSINESS ENTERPRISES. THE FUNDS ARE SELF-SUPPORTING IN NATURE WHERE THE COSTS, INCLUDING DEPRECIATION, OF PROVIDING GOODS OR SERVICES TO THE GENERAL PUBLIC ON A CONTINUING BASIS ARE FINANCED OR RECOVERED PRIMARILY THROUGH USER CHARGES.

Water and Sewer Fund

This fund is used to account for activities connected with the development, operation and Maintenance of water and sewer activities in the City of Cornelia.

City of Cornelia Stormwater Fund

This fund is used to account for the fees generated from the City's assessment of Stormwater Runoff charges for in town customers.

City of Cornelia Water and Sewer Authority

The authority was established to hold certain assets and related debt of the City of Cornelia Water and Sewer Fund. These assets are leased back to the City.

CITY OF CORNELIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

SCHEDULE 22

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 6,975,880	\$ 7,843,252
Accounts Receivable	622,436	817,079
Insurance Receivable		161,988
Grants Receivable	-	-
Due from Other funds	708,188	
Total Current Assets	<u>8,306,504</u>	<u>8,822,319</u>
 NON-CURRENT ASSETS		
Capital Assets		
Assets not being depreciated	779,593	779,593
Construction in Progress	-	-
Asset being depreciated	76,459,507	71,867,455
Accumulated Depreciation	<u>(20,585,480)</u>	<u>(18,825,208)</u>
Total Non-current Assets	<u>56,653,620</u>	<u>53,821,840</u>
Total Assets	<u>64,960,124</u>	<u>62,644,159</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Total Assets and Deferred Outflows of Resources	<u>\$ 65,239,368</u>	<u>\$ 63,107,778</u>
 LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 254,716	\$ 34,850
Accrued Payroll	63,059	49,559
Compensated Absences	26,861	23,782
Current Portion of Notes Payable	903,421	88,325
Total Current Liabilities	<u>1,248,057</u>	<u>196,516</u>
 NON-CURRENT LIABILITIES		
Water Deposits	68,750	13,655
Long-term Notes Payable	24,692,071	24,093,823
Net Pension Liability	443,058	1,072,662
Total Non-current Liabilities	<u>25,203,879</u>	<u>25,180,140</u>
TOTAL LIABILITIES	<u>26,451,936</u>	<u>25,376,656</u>
 DEFERRED INFLOWS OF RESOURCES		
Total Liabilities and Deferred Inflows of Resources	<u>377,007</u>	<u>26,486</u>
 NET POSITION		
Net Investment in Capital Assets	31,058,128	30,136,516
Unrestricted	7,352,297	7,568,120
TOTAL NET POSITION	<u>\$ 38,410,425</u>	<u>\$ 37,704,636</u>

CITY OF CORNELIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

SCHEDULE 23

	2021	2020
OPERATING REVENUES		
Water Sales	\$ 4,281,945	\$ 4,238,381
Sewer Fees	4,890,784	4,683,153
Fines and Surcharges	375	23,032
Water and Sewer Taps	152,056	208,048
Miscellaneous Receipts	5,899	39,608
TOTAL OPERATING REVENUES	9,331,059	9,192,222
 OPERATING EXPENSES - By Department		
Administration	420,707	401,375
Water Plant	1,316,559	1,201,160
Disposal Plant	2,138,978	2,174,012
Water & Sewer System - Crew	1,022,994	796,222
Maintenance and Mechanical	1,577,006	1,240,644
Depreciation	1,760,272	1,586,759
TOTAL OPERATING EXPENSES	8,236,516	7,400,172
 OPERATING INCOME	1,094,543	1,792,050
 NON-OPERATING REVENUES (EXPENSE)		
Capital Grants	120,910	1,086,882
Interest Income	26,964	47,815
Interest Expense		
TOTAL NON-OPERATING INCOME (EXPENSE)	147,874	1,134,697
 INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,242,417	2,926,747
Transfers In (Out)	(657,552)	(682,809)
Capital Grant to Component Unit		
Capital Contributions	282,117	357,923
CHANGE IN NET POSITION	866,982	2,601,861
 NET POSITION-BEGINNING OF YEAR (as originally stated)	37,704,636	35,123,715
Prior period adjustment	(161,193)	(20,940)
NET POSITION-BEGINNING OF YEAR (restated)	37,543,443	35,102,775
 NET POSITION - END OF YEAR	\$ 38,410,425	\$ 37,704,636

CITY OF CORNELIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

SCHEDULE 24

CASH FLOWS FROM OPERATING ACTIVITIES	2021	2020
Receipts from Customers	\$ 9,331,059	\$ 9,192,222
Payments to Suppliers	(4,979,526)	(4,461,609)
Payments to Employees	(1,812,636)	(1,718,238)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,538,897	3,012,375
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer(To) From other funds	(657,552)	(682,809)
NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(657,552)	(682,809)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants	120,910	1,086,882
Capital Contributions	282,117	
Proceeds from Fieldale Farms, Inc.		301,500
Intergovernmental		56,423
Note Proceeds	2,031,899	3,617,940
Principal Paid on Notes	(618,555)	(29,197)
Interest Paid		
Acquisition Of Capital Assets	(4,592,052)	(8,098,275)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(2,775,681)	(3,064,727)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earned	26,964	47,815
NET CASH PROVIDED BY INVESTING ACTIVITIES	26,964	47,815
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 (867,372)	 (687,346)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 7,843,252	 8,530,598
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 \$ 6,975,880	 \$ 7,843,252
 Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 1,094,543	\$ 1,792,050
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities		
Depreciation	\$ 1,760,272	\$ 1,586,759
(Increase) Decrease in Accounts Receivable	69,770	50,823
(Increase) Decrease in Grants Receivable		160,531
(Increase) Decrease in Other Receivable	161,988	(161,988)
(Increase) Decrease in Due from Other funds	(708,188)	
(Increase) Decrease in Deferred Outflows	184,375	(287,187)
(Increase) Decrease in Due from Component Unit		32,900
Increase (Decrease) in Customer Deposits	18,775	(2,060)
Increase (Decrease) in Accounts Payable	219,866	(534,984)
Increase (Decrease) in Accrued Payroll	13,500	9,716
Increase (Decrease) in Compensated Absences	3,079	2,842
Increase (Decrease) in Net Pension Liability	(629,604)	374,786
Increase (Decrease) in Deferred Inflows	350,521	(11,813)
TOTAL ADJUSTMENTS	1,444,354	1,220,325
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,538,897	\$ 3,012,375

CITY OF CORNELIA, GEORGIA
STORMWATER FUND
COMPARATIVE STATEMENTS OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

SCHEDULE 25

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 436,559	\$ 307,372
Accounts Receivable	29,079	21,003
Due from other funds	2,116	
Total Current Assets	<u>467,754</u>	<u>328,375</u>
NON-CURRENT ASSETS		
Capital Assets		
Construction in Progress	-	-
Asset being depreciated	688,750	503,585
Accumulated Depreciation	<u>(13,522)</u>	<u>(6,761)</u>
Total Non-current Assets	<u>675,228</u>	<u>496,824</u>
Total Assets	<u>\$ 1,142,982</u>	<u>\$ 825,199</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	<u>29,011</u>	
Total Current Liabilities	<u>29,011</u>	
Total Liabilities	<u>29,011</u>	
NET POSITION		
Net Investment in Capital Assets	438,743	496,824
Unrestricted	675,228	328,375
Net Position	<u>\$ 1,113,971</u>	<u>\$ 825,199</u>

**CITY OF CORNELIA, GEORGIA
STORMWATER FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 26

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Charges	\$ 302,893	\$ 300,824
TOTAL OPERATING REVENUES	<u>302,893</u>	<u>300,824</u>
 OPERATING EXPENSES - By Department		
Maintenance	7,731	
Depreciation	6,761	6,761
TOTAL OPERATING EXPENSES	<u>14,492</u>	<u>6,761</u>
 OPERATING INCOME	<u>288,401</u>	<u>294,063</u>
 NON-OPERATING REVENUES (EXPENSE)		
Interest Income	371	1,738
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>371</u>	<u>1,738</u>
 INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	288,772	295,801
Transfers In (Out)	<u> </u>	<u> </u>
 CHANGE IN NET POSITION	288,772	295,801
 NET POSITION - BEGINNING OF YEAR	<u>825,199</u>	<u>529,398</u>
 NET POSITION - END OF YEAR	<u>\$ 1,113,971</u>	<u>\$ 825,199</u>

CITY OF CORNELIA, GEORGIA
STORMWATER FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

SCHEDULE 27

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2021</u>	<u>2020</u>
Receipts from Customers	\$ 313,981	\$ 292,430
Payments to Suppliers		
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>313,981</u>	<u>292,430</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers (To) From Other Funds		
Acquisition of Capital Assets	<u>(185,165)</u>	(503,585)
NET CASH (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>(185,165)</u>	<u>(503,585)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest Earned	<u>371</u>	<u>1,738</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	371	1,738
NET INCREASE IN CASH AND CASH EQUIVALENTS	129,187	(209,417)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>307,372</u>	<u>516,789</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 436,559</u>	<u>\$ 307,372</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 288,401	\$ 294,063
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities		
Depreciation	6,761	6,761
Increase (Decrease) in Accounts Payable	29,011	
(Increase) Decrease in Due from Other funds	(2,116)	
(Increase) Decrease in Accounts Receivable	<u>(8,076)</u>	<u>(8,394)</u>
TOTAL ADJUSTMENTS	<u>25,580</u>	<u>(1,633)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 313,981</u>	<u>\$ 292,430</u>

CITY OF CORNELIA, GEORGIA
CORNELIA WATER AND SEWER AUTHORITY
COMPARATIVE STATEMENTS OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

SCHEDULE 28

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 46,055	\$ 46,306
Total Current Assets	<u>46,055</u>	<u>46,306</u>
 NON-CURRENT ASSETS		
Capital Assets		
Assets not being depreciated		
Asset being depreciated	11,103,212	11,103,212
Accumulated Depreciation	<u>(2,611,466)</u>	<u>(2,389,402)</u>
Total Non-current Assets	<u>8,491,746</u>	<u>8,713,810</u>
Total Assets	<u>\$ 8,537,801</u>	<u>\$ 8,760,116</u>
 LIABILITIES		
Current Liabilities		
Current Portion of Long-term Notes	<u>125,488</u>	<u>665,314</u>
Total Current Liabilities	<u>125,488</u>	<u>665,314</u>
 NON-CURRENT LIABILITIES		
Long-term Notes Payable	<u>620,568</u>	<u>744,776</u>
Total Non-current Liabilities	<u>620,568</u>	<u>744,776</u>
Total Liabilities	<u>746,056</u>	<u>1,410,090</u>
 NET POSITION		
Net Investment in Capital Assets	7,745,690	7,303,720
Unrestricted	<u>46,055</u>	<u>46,306</u>
Net Position	<u>\$ 7,791,745</u>	<u>\$ 7,350,026</u>

CITY OF CORNELIA, GEORGIA
CORNELIA WATER AND SEWER AUTHORITY
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

SCHEDULE 29

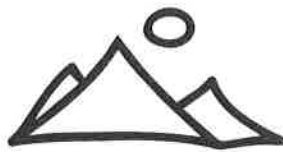
	2021	2020
OPERATING REVENUES		
Rent	\$ 705,797	\$ 705,797
TOTAL OPERATING REVENUES	705,797	705,797
 OPERATING EXPENSES - By Department		
Depreciation	222,064	222,064
TOTAL OPERATING EXPENSES	222,064	222,064
 OPERATING INCOME	483,733	483,733
 NON-OPERATING REVENUES (EXPENSE)		
Transfer In		
Interest Expense	(34,179)	(49,926)
TOTAL NON-OPERATING INCOME (EXPENSE)	(34,179)	(49,926)
 CHANGE IN NET POSITION	449,554	433,807
 NET POSITION - BEGINNING OF YEAR (as originally stated)	7,350,026	6,916,219
Prior Period Adjustment	(7,835)	
NET POSITION - BEGINNING OF YEAR (as restated)	7,342,191	6,916,219
 NET POSITION - END OF YEAR	\$ 7,791,745	\$ 7,350,026

**CITY OF CORNELIA, GEORGIA
 CORNELIA WATER AND SEWER AUTHORITY
 COMPARATIVE STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

SCHEDULE 30

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 705,797	\$ 705,797
Payments to Suppliers		
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>705,797</u>	<u>705,797</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers (To) From Other Funds		
NET CASH (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Paid on Notes	(671,869)	(655,870)
Interest Paid	<u>(34,179)</u>	<u>(49,926)</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(706,048)	(705,796)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(251)	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>46,306</u>	<u>46,305</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 46,055</u>	<u>\$ 46,306</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 483,733	\$ 483,733
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities		
Depreciation	<u>222,064</u>	<u>222,064</u>
TOTAL ADJUSTMENTS	<u>222,064</u>	<u>222,064</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 705,797</u>	<u>\$ 705,797</u>

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**

Honorable Mayor and Members
of the City Commission
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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The City of Cornelia, Georgia, as of and for the year ended December 31, 2021, 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 17, 2022.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Cornelia's internal control over financial reporting (internal control) to determine the 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 employee, 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 significant deficiency, or 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 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.

HABERSHAM COUNTY

P.O. Box 1330 • 327 Monroe Street, Suite D
Clarkesville, GA 30523
Phone: 706.754.5814 • Fax: 706.754.9069

RABUN COUNTY

P.O. Box 1470 • 45 South Main Street
Clayton, GA 30525
Phone: 706.782.7022 • Fax: 706.782.6189

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. This item is reported below.

Comment 2021-01

Statement of Condition: We noted several instances where revenue and expenditure activities were not recorded, nor was sufficient documentation provided.

Criteria: Controls should be in place to ensure that funds held have been accurately accounted for.

Effect of Condition: The risk of not knowing where the monies are being received and spent.

Cause of Condition: There is not a process in place to record activity on a monthly basis.

Recommendation: We recommend that each month's activity be recorded and reconciled in a timely manner.

Management Response: We agree with the auditor's recommendations and a monthly reporting process will be implemented.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The City of Cornelia, Georgia's financial statements are free of 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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

The City of Cornelia, Georgia's Response to Findings

The City of Cornelia, Georgia's response to the findings identified in our audit is in the accompanying schedule of findings and questioned costs. The City of Cornelia, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report is intended 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 City of Cornelia, Georgia's internal control over compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duncan & Kitchens, CPAs

Duncan & Kitchens, LLC
Certified Public Accountants
Clarksville, Georgia
June 17, 2022

STATE REPORTING SECTION

*THIS SECTION CONTAINS ADDITIONAL REPORTS
REQUIRED BY THE STATE OF GEORGIA.*

CITY OF CORNELIA, GEORGIA **SCHEDULE 25**
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2021

		Expenditures		
Habersham County, Georgia SPLOST VI		Prior Years	Current Year	Total
Streets and Sidewalks	\$ 2,347,370	\$ 1,215,997	\$ 897,230	\$ 2,113,227
Community Facilities	650,000	649,291		649,291
Water	300,000	-		-
Sewer	590,698	-	269,623	269,623
Public Safety	<u>1,050,000</u>	<u>1,440,235</u>		<u>1,440,235</u>
	<u>\$ 4,938,068</u>	<u>\$ 3,305,523</u>	<u>\$ 1,166,853</u>	<u>\$ 4,472,376</u>

		Expenditures		
Habersham County, Georgia SPLOST VII		Prior Years	Current Year	Total
Community Facilities	\$ 1,295,000	\$ -	\$ 34,514	\$ 34,514
Public Safety	2,475,000	-		-
Roads	<u>1,527,174</u>	<u>-</u>	<u>17,380</u>	<u>17,380</u>
	<u>\$ 5,297,174</u>	<u>\$ -</u>	<u>\$ 51,894</u>	<u>\$ 51,894</u>